SENATE—*Wednesday, May 22, 1996*

The Senate met at 9:15 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Lord, we begin this day with disturbing questions that won't go away. What would we do and say today if we loved You with all our hearts? How would we deal with the present challenges we face here in the Senate if we put You and the welfare of our Nation first above all else? What do You want us to do to move forward?

You have taught us, "If you have faith as a mustard seed, you will say to this mountain, 'Move from here to there' and it will move; and nothing will be impossible for you."

Is Your promise applicable to us in our circumstances? Will You give us power to remove the mountainous differences that often divide us if we have faith in You—even as small as a mustard seed? We dare to claim that You will.

Therefore, we ask You to guide us to Your solutions for our present concerns. Bring us together in unity around what is most creative for our Nation. We place our faith in You. Nothing is impossible for You. Help us Lord, we need You. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, the Senator from Mississippi, Senator LOTT, is recognized.

SCHEDULE

Mr. LOTT. Mr. President, I thank the Senator for the recognition. The Senate will immediately resume consideration of Senate Concurrent Resolution 57, the concurrent budget resolution, and will begin a lengthy series of consecutive rollcall votes, all on or in relationship to amendments. The first vote will be 15 minutes in length, but all remaining votes in the sequence are limited to 10 minutes in length. Senators are asked—implored—to remain in or around the Senate Chamber throughout this voting sequence in order to facilitate the votes and hope to complete action on the budget resolution before a late hour tonight.

Again, I plead with the Senators to stay on the floor so we can go through this series of votes. It inconveniences all Senators when we have one or two that get lost down the hall. Please stay close. I believe we can finish this series of votes in a reasonable period of time.

I want to thank the managers of the bill, the chairman of the committee and the ranking member from Nebraska. They have been working hard to get through this list of amendments. I know they will continue to work to see if the long list can be reduced further by voice vote, or whatever, throughout the day. I ask for all possible cooperation with them.

MEASURE PLACED ON THE CALENDAR—S. 1788

Mr. LOTT. Mr. President, I understand there is a bill due for its second reading. I ask for that.

The PRESIDING OFFICER (Mr. INHOFE). The Senator is correct. The clerk will read the bill for the second time.

The assistant legislative clerk read as follows:

A bill (S. 1788) to amend the National Labor Relations Act and the Railway Labor Act to repeal those provisions of Federal law that require employees to pay union dues or fees as a condition of employment, and for other purposes.

Mr. LOTT. Mr. President, I object to further proceedings of this matter at this time.

The PRESIDING OFFICER. The objection is heard. The bill will be placed on the calendar.

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 57) setting forth the congressional budget for the U.S. Government for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

The Senate resumed consideration of the bill.

Pending:

Boxer amendment No. 3982, to preserve, protect, and strengthen the Medicaid program by controlling costs, providing State flexibility, and restoring critical standards and protections, including coverage for all populations covered under current law, to restore $18 billion in excessive cuts, offset by corporate and business tax reforms, and to express the sense of the Senate regarding certain Medicaid reforms.

Wyden-Kerry amendment No. 3984, to express the sense of the Senate regarding revenue assumptions.

Wellstone amendment No. 3985, to express the sense of the Senate on tax deductibility of higher education tuition and student loan interest costs.

Wellstone-Kerry amendment No. 3986, to express the sense of the Senate that funds will be available to hire new police officers under the Community Oriented Policing Service.

Wellstone amendment No. 3987, to express the sense of the Senate that Congress will not enact or adopt any legislation that would increase the number of children who are hungry or homeless.

Wellstone amendment No. 3988, to express the sense of the Senate with respect to maintaining current expenditure levels for the Low Income Home Energy Assistance Program for fiscal year 1997.

Wellstone amendment No. 3989, to express the sense of the Senate with respect to the interrelationship between domestic violence and welfare.

Kerry amendment No. 3990, to restore proposed cuts in the environment and natural resources programs, to be offset by the extension of expired tax provisions or corporate and business tax reforms.

Kerry amendment No. 3991, to increase the Function 500 totals to maintain levels of education and training funding that will keep pace with rising school enrollments and the demand for a better-trained workforce, to be offset by the extension of expired tax provisions or corporate and business tax reforms.

Kyl amendment No. 3995, to express the sense of the Senate regarding a supermajority requirement for raising taxes.

Kyl modified amendment No. 3996, to providing funding for the Low Income Home Energy Assistance Program through fiscal year 2000.

Kennedy amendment No. 3997, to express the sense of the Congress that the reconciliation bill should maintain the existing prohibition against additional charges by providers under the medicare program.

Kennedy amendment No. 3998, to express the sense of the Congress that the reconciliation bill should not include any changes in Federal nursing home quality standards or the Federal enforcement of such standards.

Kennedy amendment No. 3999, to express the sense of the Congress that provisions of current medicaid law protecting families of nursing home residents from experiencing financial ruin as the price of needed care for their loved ones should be retained.

Kennedy amendment No. 4000, to express the sense of the Senate relating to the protection of the wages of construction workers.

Byrd amendment No. 4001, to increase overall discretionary spending to the levels proposed by the President, offset by the extension of expired tax provisions or corporate and business tax reforms.

Lott-Smith modified amendment No. 4002, to express the sense of the Congress regarding reimbursement of the United States for the costs associated with Operations Southern Watch and Provide Comfort out of revenues generated by any sale of petroleum originating from Iraq.

Simpson-Moynihan amendment No. 4003, to express the sense of the Senate that all Federal spending and revenues which are indexed for inflation should be calibrated by the most accurate inflation indices which are available to the Federal government.

Graham amendment No. 4007, to create a 60 vote point of order against legislation diverting savings achieved through medicare

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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waste, fraud and abuse enforcement activities for purposes other than improving the solvency of the Medicare Federal Hospital Insurance Trust Fund.

Ashcroft modified amendment No. 4008, to provide for an income tax deduction for the old age, survivors, and disability insurance taxes paid by employees and self-employed individuals.

Gramm amendment No. 4009, to express the sense of the Congress that the 1993 income tax increase on Social Security benefits should be repealed.

Brown amendment No. 4010, to express the sense of the Senate that there should be a cap on the application of the civilian and military retirement COLA.

Harkin amendment No. 4011, to provide that the first reconciliation bill not include Medicaid reform, focusing mainly on Welfare reform by shifting Medicaid changes from the first to the second reconciliation bill.

Harkin (for Specter) amendment No. 4012, to restore funding for education, training, and health programs to a Congressional Budget Office freeze level for fiscal year 1997 through an across the board reduction in federal administrative costs.

Bumpers amendment No. 4013, to establish that no amounts realized from sales of assets shall be scored with respect to the level of budget authority, outlays, or revenues.

Bumpers amendment No. 4014, to eliminate the defense firewalls.

Thompson amendment No. 3981, to express the sense of the Senate on the funding levels for the Presidential Election Campaign Fund.

Murkowski amendment No. 4015, to prohibit sense of the Senate amendments from being offered to the budget resolution.

Simpson (for Kerrey) amendment No. 4016, to express the sense of the Senate on long term entitlement reforms.

Snowe amendment No. 4017, to express the sense of the Senate that the aggregates and functional levels included in the budget resolution assume that savings in student loans can be achieved without any program change that would increase costs to students and parents or decrease accessibility to student loans.

Chafee-Breaux amendment No. 4018, in the nature of a substitute.

Domenici (for Dole-Hatch-Helms) amendment No. 4019, to express the sense of the Senate that the Attorney General should investigate the practice regarding the prosecution of drug smugglers.

Feingold amendment No. 3969, to eliminate the tax cut.

Domenici (for McCain) amendment No. 4022, to express the sense of the Senate regarding Spectrum auctions and their effect on the integrity of the budget process.

Domenici (for Faircloth) amendment No. 4023, to express the sense of the Senate that any comprehensive legislation sent to the President that balances the budget by a certain date and that includes welfare reform provisions shall also contain to the maximum extent possible a strategy for reducing the rate of out-of-wedlock births and encouraging family formation.

Domenici (for Faircloth) amendment No. 4024, to express the sense of the Senate regarding reduction of the national debt.

Exon (for Roth) amendment No. 4025, to express the sense of the Senate regarding the funding of Amtrak.

Domenici amendment No. 4027 (to amendment No. 4012), to adjust the fiscal year 1997 non-defense discretionary allocation to the Appropriation Committee by $5 billion in budget authority and $4 billion in outlays to sustain 1996 post-OCRA policy.

AMENDMENT NO. 4019, AS MODIFIED

Mr. LOTT. I ask unanimous consent for a modification of amendment No. 4019, the Dole-Hatch-Helms sense-of-the-Senate resolution.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, the amendment will be so modified.

The amendment (No. 4019), as modified, is as follows:

The Senate finds that—

Drug use is devastating to the nation, particularly among juveniles and has led juveniles to become involved in interstate gangs and to participate in violent crime;

Drug use has experienced a dramatic resurgence among our youth;

The number of youths aged 12–17 using marijuana has increased from 1.6 million in 1992 to 2.9 million in 1994, and the category of "recent marijuana use" increased a staggering 200% among 14 to 15-year-olds over the same period.

The Senate finds that—

Since 1992, there has been a 52% jump in the number of high school seniors using drugs on a monthly basis, even as worrisome declines are noted in peer disapproval of drug use;

1 in 3 high school students uses marijuana;

12 to 17-year-olds who use marijuana are 85% more likely to graduate to cocaine than those who abstain from marijuana;

Juveniles who reach 21 without ever having used drugs almost never try them later in life;

The latest results from the Drug Abuse Warning Network show that marijuana-related episodes jumped 39% and are running at 155% above the 1990 level, and that methamphetamine cases have risen 256% over the 1991 level;

Between February 1993 and February 1995 the retail price of a gram of cocaine fell from $172 to $137, and that of a gram of heroin also fell from $2,032 to $1,278;

It has been reported that the Department of Justice, through the United States Attorney for the Southern District of California, has adopted a policy of allowing certain foreign drug smugglers to avoid prosecution altogether by being released to Mexico;

It has been reported that in the past year approximately 2,300 suspected narcotics traffickers were taken into custody for bringing illegal drugs across the border, but approximately one in four were returned to their country of origin without being prosecuted;

It has been reported that the U.S. Customs Service is operating under guidelines limiting any prosecution in marijuana cases to cases involving 125 pounds of marijuana or more;

It has been reported that suspects possessing as much as 32 pounds of methamphetamine and 37,000 Quaalude tablets, were not prosecuted but were, instead, allowed to return to their countries of origin after their drugs and vehicles were confiscated;

It has been reported that after a seizure of 158 pounds of cocaine, one defendant was cited and released because there was no room at the federal jail and charges against her were dropped;

It has been reported that some smugglers have been caught two or more times—even in the same week—yet still were not prosecuted;

The number of defendants prosecuted for violations of the federal drug laws has dropped from 25,033 in 1992 to 22,926 in 1995;

This Congress has increased the funding of the Federal Bureau of Prisons by 11.7% over the 1995 appropriations level;

This Congress has increased the funding of the Immigration and Naturalization Service by 23.5% over the 1995 appropriations level; therefore

It is the sense of the Senate that the functional totals underlying this resolution assume that the Attorney General promptly should investigate this matter and report, within 30 days, to the Chair of the Senate and House Committees on the Judiciary; and

The Attorney General should ensure that cases involving the smuggling of drugs into the United States are vigorously prosecuted.

Mr. LOTT. Mr. President, I yield the floor.

Mr. EXON. Mr. President, I ask unanimous consent to proceed for 2 minutes on the procedures that we are about to begin.

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

Mr. EXON. Mr. President, we are about to begin a series of what probably will be about 30 or more rollcall votes. These votes will occur in the order of the amendments as they were introduced and debated on the Senate floor.

Each offerer of an amendment should be prepared to deliver a 30-second statement in favor of the amendment immediately prior to the vote on the amendment. This will require, if we are going to do it this way, the offerer of these amendments to make sure they are on the floor and prepared to go. Otherwise, the process is going to bog down. Under the unanimous-consent agreement and the Budget Act, the offerer of the amendment will control 30 seconds, and the majority manager, Senator DOMENICI, will control 30 seconds if he opposes the amendment. Only if the chairman favors the amendment will this Senator control 30 seconds in opposition.

I urge Senators to prepare three crisp sentences that they want to say in favor of their amendment. It will be unlikely that Senators will have time to say more than that. I also urge Senators to make every effort, as has been said by the acting majority leader, Senator LOTT, to be here on the floor at all times and, certainly as a priority measure, immediately before their amendment is scheduled for 1 minute, equally divided, of debate. Then we will go to a vote. I thank all Senators for their assistance in expediting the process. We have had good cooperation, and I hope that will continue today.

The PRESIDING OFFICER. There will be 1 minute equally divided between the sides on each vote.

Mr. FORD. Mr. President, 1 minute equally divided, so 30 seconds each?

The PRESIDING OFFICER. Each side gets 30 seconds.

Mr. FORD. It is hard to say good morning in 30 seconds.

Mr. EXON. We are going to have to change the procedures in the Senate.

Mr. LOTT. Are we ready to proceed?

The PRESIDING OFFICER. Yes.

Mr. LOTT. I believe the Boxer amendment is first.

AMENDMENT NO. 3982

The PRESIDING OFFICER. The pending question is amendment No. 3982 offered by the Senator from California [Mrs. BOXER].

The Senator from California is recognized.

Mrs. BOXER. Mr. President, Medicaid serves many of our citizens in nursing homes and serves millions of disabled children who are in wheelchairs, and millions of our working families. This budget hurts those people. We would add back $18 billion, bringing Medicaid up to the President's level. It is still below the Breaux-Chafee level. If you vote for Breaux-Chafee, you should vote for this. If you voted for the President's budget, you should vote for this. We hope you will support this. We pay for it by closing corporate tax loopholes.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, might I say to the distinguished whip and Senator EXON, the reason I was delayed, we are having a rather major disaster in my State, and a lot of agencies got together to see what they might do about it. I apologize to the Senate for not being here promptly at 9:15.

The Boxer amendment would increase taxes and Medicaid spending by $18 billion. It also contains sense-of-the-Senate language requiring the maintaining of current law provisions on individual rights to sue in Federal courts, spousal impoverishment, and many other things. This is precisely the direction we do not want to go in, and we do not want to raise taxes to pay for more spending.

I move to table the Boxer amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment offered by the Senator from California [Mrs. BOXER].

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 120 Leg.]

YEAS—55

Abraham	Campbell	Craig
Ashcroft	Chafee	D'Amato
Bennett	Coats	DeWine
Bond	Cochran	Dole
Brown	Cohen	Domenici
Burns	Coverdell	Faircloth
Frist	Kempthorne	Santorum
Gorton	Kerrey	Shelby
Gramm	Kyl	Simpson
Grams	Lott	Smith
Grassley	Lugar	Snowe
Gregg	Mack	Specter
Hatch	McCain	Stevens
Hatfield	McConnell	Thomas
Helms	Murkowski	Thompson
Hutchison	Nickles	Thurmond
Inhofe	Nunn	Warner
Jeffords	Pressler	
Kassebaum	Roth	

NAYS—45

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Heflin	Pell
Bryan	Hollings	Pryor
Bumpers	Inouye	Reid
Byrd	Johnston	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden

The motion to lay on the table the amendment (No. 3982) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I am going to yield immediately. Might I just remind Senators that was supposed to be a 15-minute vote. How long did it take?

The PRESIDING OFFICER. The pending question now is the——

Mr. DOMENICI. Mr. President, parliamentary inquiry. How long did we spend on the last vote?

The PRESIDING OFFICER. Twenty-two minutes.

Mr. DOMENICI. Twenty-two minutes instead of fifteen. That will never get the job done unless you want to stay until midnight or all day tomorrow at 22 minutes each. The next time we have a rollcall vote, we have already had unanimous consent that it is 10 minutes, and I would say to Senators I have been authorized to call regular order at the end of 10 minutes, so I hope you are here and vote.

Mr. EXON. Will the Senator yield?

Mr. DOMENICI. I will be glad to yield.

Mr. EXON. The other thing I remind the Senate is, we are going to be here today, as we usually are not, one vote after another. That tends to increase conversations on the Senate floor. That also is going to take an awful lot of time away from us. Please leave the floor if you are going to have extended conversation.

Mr. DOMENICI. I thank the Senator.

AMENDMENT NO. 3984, AS MODIFIED

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 3984 offered by the Senator from Oregon [Mr. WYDEN].

Mr. WYDEN. Mr. President, I send a modification of my amendment to the desk and ask unanimous consent that the amendment be so modified.

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

The amendment (No. 3984), as modified, is as follows:

At the appropriate place, insert the following new section:

SEC. . SENSE OF THE SENATE REGARDING REVENUE ASSUMPTIONS.

(a) FINDINGS.—The Congress finds the following:

(1) Corporations and individuals have clear responsibility to adhere to environmental laws. When they do not, and environmental damage results, the federal and state governments may impose fines and penalties, and assess polluters for the cost of remediation.

(2) Assessment of these costs is important in the enforcement process. They appropriately penalize wrongdoing. They discourage future environmental damage. They ensure that taxpayers do not bear the financial brunt of cleaning up after damages done by polluters.

(3) In the case of the Exxon Valdez oil spill disaster in Prince William Sound, Alaska, for example, the corporate settlement with the federal government totaled $900 million.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that assumptions in this resolution assume an appropriate amount of revenues per year through legislation that will not allow deductions for fines and penalties arising from a failure to comply with federal or state environmental or health protection laws.

Mr. WYDEN. Mr. President and colleagues, this amendment has been agreed to by both the majority and the minority. It simply says, if a polluter engages in action that violates our environmental laws and that action results in a penalty or a fine, those actions would no longer be deductible under our tax law.

Senator KERRY of Massachusetts joins me in this. I thank Senator DOMENICI of New Mexico and Senator EXON for support of this amendment, and I yield the floor.

Mr. DOMENICI. Mr. President, the Finance Committee has reviewed this and made some modifications, and since it is acceptable to the Finance Committee, I have no objection.

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 3984, as modified, offered by the Senator from Oregon [Mr. WYDEN].

The amendment (No. 3984), as modified, was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3985

The PRESIDING OFFICER. The question now occurs on the Wellstone amendment, No. 3985.

Mr. WELLSTONE. Mr. President, since I have just 30 seconds, this is an amendment that I proposed. It is a leadership amendment on our side

which addresses the sense of the Senate that any tax revenue raised by the Finance Committee that does not go toward a child tax credit will be used to finance a tax deduction of up to $10,000 a year for higher education tuition or to help pay off student loan interest or for strict budget deficit reduction.

I cannot think of an issue that is more important to a broad section of the population than to be able to finance higher education for families.

Mr. DOMENICI. Mr. President, the Wellstone amendment, although it is a sense of the Senate and not binding, would tie the hands of the Finance Committee. The Senator from New Mexico does not think that is what we want to do.

Mr. KOHL. Mr. President, I rise today to express my opposition to the amendment offered by my colleague Senator WELLSTONE. As I understand the Wellstone amendment, it requires any tax revenues raised in excess of the amount needed to pay for a per-child tax credit be allocated toward a $10,000 annual deduction for higher education tuition and student loan interest costs or for deficit reduction. After careful consideration, and notwithstanding my support for the respective goals of deficit reduction and education assistance, I have concluded that I am unable to support the Wellstone amendment. Let me tell you why.

Mr. President, although I share Senator WELLSTONE'S commitment to increasing educational opportunities and easing the burdens associated with the costs of higher education, I do not share his all-or-nothing approach to determining our Federal budget priorities. Our Nation faces a number of difficult and complicated challenges arising out of our failure to reduce the Federal budget deficit, to achieve sustained economic growth, and to increase the global competitiveness of the Nation's labor force.

I believe that the only way to meet these challenges is to adopt a comprehensive plan of action that moves the Nation forward on every front. Recognizing the need for such action, the members of the Centrist coalition offered a budget that called for deficit reduction, economic growth, and education incentives. Moreover, all of our proposals were paid for by spending reductions and elimination of loopholes benefiting special interests and foreign corporations. Finally, Mr. President, the members of the centrist group concluded that these investments and reforms would yield the maximum possible benefit if they were enacted as part of a comprehensive package.

With respect to the education incentives, our group proposed a two-part package. The first component called for the enactment of an above-the-line deduction for interest expenses paid on education loans. The second component was an additional above-the-line deduction for qualified education expenses paid for the education or training of the taxpayer, his or her spouse, or the taxpayer's dependents.

As the centrist proposal demonstrated, it is possible to craft a budget that fairly and equitably addresses our needs in critical areas such as education without excluding other important national priorities. Unfortunately, the Wellstone amendment leaves no room for many of the economic reforms—such as capital gains and estate tax reform and small business incentives—that are also critical to providing economic security for all of our citizens. It is this shortcoming that, in my opinion, creates a fatal flaw in my colleague's proposal.

Mr. President, although I am unable to support Senator WELLSTONE in this particular instance, I do look forward to working with him, and others, to find bipartisan solutions to the challenges that lie ahead.

Mr. President, I yield the floor.

Mr. HARKIN. Mr. President, last month I introduced the Commonsense Middle-Class Tax Relief Act which embodies the principles outlined in this sense-of-the-Senate resolution offered by the Senator from Minnesota. I enthusiastically support the pending amendment.

Too many hard-working families in Iowa and across the country are worried about a lot of things—and of paramount concern is their ability to pay for college, for their children and for themselves. Families are struggling to pay the college tuition bill and student debt is soaring. Middle-income families need a break.

The 1992 median income for families with children in Iowa was $35,100. Right now it costs $6,108 to pay tuition, fees, and room and board for a year at the University of Iowa. The cost is about the same at Iowa State. There is no doubt the average working family in Iowa is having great difficulty paying for 4 years of college for their children.

But these families know that the key to a better future for their families is intricately linked to a good education, including college and vocational training. Therefore, they are doing whatever they can to send their kids to college. And for many, that means accumulating big debts to pay for those educations.

Over the past decade and a half, college aid in the form of grants has decreased and has been replaced by an increased reliance on loans. The cost of attending the University of Northern Iowa is about $5,700. Over the past few years the average debt of students graduating from this very modestly priced state university has been climbing. For the 1990–91 school year, the average debt was $2,589 and rose to $4,395 for 1994–95.

It is clear that many students are borrowing to pay for college. These students and their families need help.

Today, middle-class Americans are working longer hours for smaller paychecks. This amendment would pave the way to provide a tax deduction for college tuition and interest on student loans—giving American families a raise in incomes, a raise in education and skills, and a raise in living standards.

The Commonsense Middle-Class Tax Relief Act and this amendment are based on a fundamental premise: A higher education means higher income.

This amendment would cut taxes on hard-working families trying to get ahead, raise incomes, and prepare Americans for the 21st century. It will mean higher incomes, higher education, and higher quality jobs for hard-working Americans.

Mr. President, education is key to both the raising of incomes of average Americans and to increasing the competitiveness of America in an increasing global economy.

We should be able to agree on a bipartisan basis that this type of important middle-class tax relief is needed and will mean better opportunities and better incomes for millions of Americans.

Mr. President, I urge my colleagues to join me in support of this commonsense proposal.

Mr. DOMENICI. I move to table the amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on the motion to table amendment No. 3985, offered by the Senator from Minnesota [Mr. WELLSTONE].

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 56, nays 44, as follows:

[Rollcall Vote No. 121 Leg.]

YEAS—56

Abraham	Gorton	McCain
Ashcroft	Gramm	McConnell
Bennett	Grams	Moynihan
Bond	Grassley	Murkowski
Brown	Gregg	Nickles
Burns	Hatch	Pressler
Campbell	Hatfield	Roth
Chafee	Helms	Santorum
Coats	Hollings	Shelby
Cochran	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Kassebaum	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kohl	Thomas
Dole	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Lugar	Warner
Frist	Mack	

NAYS—44

Akaka	Feingold	Lieberman
Baucus	Feinstein	Mikulski
Biden	Ford	Moseley-Braun
Bingaman	Glenn	Murray
Boxer	Graham	Nunn
Bradley	Harkin	Pell
Breaux	Heflin	Pryor
Bryan	Inouye	Reid
Bumpers	Johnston	Robb
Byrd	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Lautenberg	Wellstone
Dorgan	Leahy	Wyden
Exon	Levin	

The motion to lay on the table the amendment (No. 3985) was agreed to.

Mr. DOMENICI. May we have order in the Senate, please?

The PRESIDING OFFICER. The Senate will come to order.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS NOS. 3989, 4017, AND 4024, EN BLOC

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate now turn to the consideration en bloc of the following amendments; that they be considered en bloc, agreed to en bloc, the motions to reconsider be laid upon the table, en bloc, without further action or debate. The amendments are as follows: Wellstone, No. 3989; Snowe, No. 4017; Faircloth, No. 4024.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. We have no objection.

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

The amendments (Nos. 3989, 4017, and 4024) were agreed to.

AMENDMENT NO. 3986

The PRESIDING OFFICER. The question now occurs on amendment No. 3986 offered by the Senator from Minnesota [Mr. WELLSTONE]. There will be 1 minute equally divided for debate.

Mr. DOMENICI. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will come to order. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, this is to make sure we have the funds for the hiring of new police under the COPS Program in fiscal year 1997. This comes directly out of the violent crime reduction trust fund which we passed as a part of the crime bill in 1994. We were all very clear in our commitment that the money would come out of this fund and the commitment would be lived up to and it would be money that would be spent on the COPS Program. As a Senate, we made that commitment, and this amendment just makes sure that we confirm that commitment.

Mr. DOMENICI. Mr. President, I yield back the 30 seconds that I have in opposition.

AMENDMENT NO. 4028 TO AMENDMENT NO. 3986

(Purpose: To increase funding for the violent crime reduction trust fund programs in 2001 and 2002 with offsetting reductions and to express the sense of the Senate regarding administrative funding of the President's public safety and community policing grants)

Mr. DOMENICI. Mr. President, I send an amendment to the desk in behalf of Senator ABRAHAM and Senator COVERDELL and ask that Senator ABRAHAM be permitted to use the 30 seconds to describe his amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. ABRAHAM, for himself, Mr. COVERDELL, and Mr. HATCH, proposes an amendment numbered 4028 to amendment No. 3986.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

In the pending amendment, strike all after "SEC. ." and insert the following:

SENSE OF THE SENATE REGARDING THE STATUS OF THE PRESIDENT'S "COPS" PROGRAM.

(a) It is the Sense of the Senate that the assumptions underlying the function totals and aggregates in this budget resolution assume:

(1) full funding for the Violent Crime Reduction Trust Fund through the Fiscal Year 2002; and

(2) that administrative funding for the Public Safety and Community Policing grants should be reduced by half of the President's request for the following reasons:

(A) in an interview with the New York Times on May 12, 1996, a senior presidential aid claimed that, under the COPS program, "43,000 of the 100,000 cops will be on the street";

(B) contrary to this claim, in a press conference Thursday, May 16, 1996, Attorney General Janet Reno stated that, "What I am advised is that there are 17,000 officers that can be identified as being on the streets" as a result of the COPS program; and

(C) While the number of police officers actually placed on the streets under the COPS program has lagged far behind the White House's misleading claims, the President's request to fund 310 administrative positions to oversee the COPS program is an excessive $29,185,000.

The number on page 37, line 17, is deemed to be increased by the amount of $1,900,000,000.

The number on page 37, line 18, is deemed to be increased by the amount of $3,000,000,000.

The number on Page 37, line 24, is deemed to be increased by the amount of $400,000,000.

The number on Page 37, line 25, is deemed to be increased by the amount of $1,550,000,000.

The number on Page 32, line 6, is deemed to be decreased by the amount of $1,900,000,000.

The number on Page 32, line 7, is deemed to be decreased by the amount of $3,000,000,000.

The number on Page 32, line 13, is deemed to be decreased by the amount of $400,000,000.

The number on Page 32, line 14, is deemed to be decreased by the amount of $1,550,000.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, this amendment offered by myself, Senator HATCH and Senator COVERDELL is designed to effectuate the goals of the first-degree amendment, but rather than doing it by sense of the Senate, we actually want to get the job done.

Mr. EXON. Mr. President, I suggest the Senate is not in order.

The PRESIDING OFFICER. The Senator is correct.

Mr. EXON. Senators want to talk. We cannot hear what the speakers are saying. It is delaying things.

The PRESIDING OFFICER. The Senator from Michigan will suspend until order is restored in the Senate. The Senate will come to order. Senators please take their conversations outside. The Senator from Michigan.

Mr. ABRAHAM. Thank you, Mr. President.

The objective of our amendment is to actually accomplish the goal of funding the violent crime reduction trust fund for the years 2001 and 2002. The trust fund is currently set to expire just 4 years from now. This amendment keeps the fund going through the year 2002, providing necessary support for prison grants, the COPS Program, the Violence Against Women Program, and so on.

To pay for it, we have offset funds from the 600-function programs for the years 2001 and 2002. We point out that even with this offset, there will still be more dollars in this budget for those programs than was in the administration's request for those programs, and, therefore, we think this is an effective way to both guarantee adequate funding for 600 programs and maintain the violent crime reduction trust fund.

Mr. WELLSTONE. May I have 30 seconds for a response?

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Minnesota is recognized for 30 seconds.

Mr. WELLSTONE. Mr. President, the second-degree amendment does not say anything about whether or not the funding is going to be there next year for the COPS Program. That is the commitment we made. We made the commitment it would come out of this violent crime reduction trust fund, and we should honor that commitment.

What the Senator is representing is that it can come from the Low-Income Home Energy Assistance Program, it can come from aid for kids with spinal bifida, MS, cerebral palsy.

This is a very different amendment. We made a commitment for full funding in this trust fund. That is why we should support the amendment I offered.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the Abraham amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 4028 offered by the Senator from Michigan [Mr. ABRAHAM]. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 48, as follows:

[Rollcall Vote No. 122 Leg.]

YEAS—52

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Grassley	Pressler
Burns	Gregg	Roth
Campbell	Hatch	Santorum
Chafee	Heflin	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Cohen	Inhofe	Specter
Coverdell	Kassebaum	Stevens
Craig	Kempthorne	Thomas
D'Amato	Kyl	Thompson
DeWine	Leahy	Thurmond
Dole	Lott	Warner
Domenici	Lugar	
Faircloth	Mack	

NAYS—48

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Hatfield	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Jeffords	Reid
Byrd	Johnston	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerrey	Sarbanes
Dodd	Kerry	Simon
Dorgan	Kohl	Snowe
Exon	Lautenberg	Wellstone
Feingold	Levin	Wyden

The amendment (No. 4028) was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. EXON. I move to lay it on the table.

The motion to lay on the table was agreed to.

Mr. WELLSTONE. Parliamentary inquiry. Is the second-degree amendment in order now?

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 4029 TO AMENDMENT NO. 3986

(Purpose: To ensure that funds are provided for the hiring of new police under the Community Oriented Policing Service in fiscal year 1997)

Mr. WELLSTONE. Mr. President, I send a second-degree amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes an amendment numbered 4029 to amendment No. 3986.

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

The PRESIDING OFFICER. The regular order is to read the amendment.

The legislative clerk read as follows:

At the end of the amendment, add the following:

SEC. . SENSE OF THE SENATE THAT FUNDS WILL BE AVAILABLE TO HIRE NEW POLICE OFFICERS.

(a) It is the sense of the Senate that sufficient funds will be made available for Public Safety and Community Policing grants to reach the goals of Title I of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-266).

Mr. WELLSTONE. Mr. President, it is self-explanatory. That language which was in my original amendment was wiped out by the second-degree amendment, and it seems there would be consensus on that. Therefore, I would like to have this sense-of-the-Senate amendment, which I propose as a second-degree amendment. I hope to get unanimous support. We said we should fully fund it. We should.

Mr. DOMENICI. Mr. President, I move to table the underlying amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 3986.

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 49, as follows:

[Rollcall Vote No. 123 Leg.]

YEAS—51

Ashcroft	Frist	McCain
Bennett	Gorton	McConnell
Biden	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Grassley	Pressler
Burns	Gregg	Roth
Chafee	Hatch	Santorum
Coats	Hatfield	Shelby
Cochran	Helms	Simpson
Cohen	Hutchison	Smith
Coverdell	Inhofe	Snowe
Craig	Jeffords	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kyl	Thomas
Dole	Lott	Thompson
Domenici	Lugar	Thurmond
Faircloth	Mack	Warner

NAYS—49

Abraham	Feinstein	Lieberman
Akaka	Ford	Mikulski
Baucus	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Byrd	Kassebaum	Robb
Campbell	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Wellstone
Dorgan	Lautenberg	Wyden
Exon	Leahy	
Feingold	Levin	

The motion to lay on the table the amendment (No. 3986) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3987

The PRESIDING OFFICER. The pending question is amendment No. 3987 offered by the Senator from Minnesota.

The Senator from Minnesota is recognized.

Mr. WELLSTONE. This sense-of-the-Senate simply says that in this budget resolution the Congress shall not enact or adopt any legislation that would increase the number of children who are hungry or homeless, and if in fact that does happen, that we take a look at it. And we would revisit the provisions of any such legislation that would have that effect.

I hope I will get a strong vote for this. It was introduced in the beginning of this Congress and defeated. But then it was passed on a voice vote. I think it is important that we have a vote on this and that 100 Senators vote for the proposition that we are not going to take action that will increase hunger or homelessness among children.

Mr. DOMENICI. Mr. President, I agree with the Senator. Would he accept a voice vote?

Mr. WELLSTONE. No, Mr. President. I want a recorded vote. I had voice votes before, and it got taken out in conference committee originally. This time I want a recorded vote.

Mr. DOMENICI. It might get taken out even with a vote.

Mr. WELLSTONE. At least the Senate is on record.

Mr. DOMENICI. Mr. President, I suggest that nothing in this budget resolution would indicate that we are going to increase the number of hungry and homeless in the United States. I suggest that every Senator vote aye.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to amendment

No. 3987, offered by the Senator from Minnesota [Mr. WELLSTONE].

The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 124 Leg.]

YEAS—100

Abraham	Feinstein	Mack
Akaka	Ford	McCain
Ashcroft	Frist	McConnell
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Bradley	Gregg	Nunn
Breaux	Harkin	Pell
Brown	Hatch	Pressler
Bryan	Hatfield	Pryor
Bumpers	Heflin	Reid
Burns	Helms	Robb
Byrd	Hollings	Rockefeller
Campbell	Hutchison	Roth
Chafee	Inhofe	Santorum
Coats	Inouye	Sarbanes
Cochran	Jeffords	Shelby
Cohen	Johnston	Simon
Conrad	Kassebaum	Simpson
Coverdell	Kempthorne	Smith
Craig	Kennedy	Snowe
D'Amato	Kerrey	Specter
Daschle	Kerry	Stevens
DeWine	Kohl	Thomas
Dodd	Kyl	Thompson
Dole	Lautenberg	Thurmond
Domenici	Leahy	Warner
Dorgan	Levin	Wellstone
Exon	Lieberman	Wyden
Faircloth	Lott	
Feingold	Lugar	

The amendment (No. 3987) was agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I suggest the absence of a quorum for just 2 minutes.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 3990

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I have conferred with the distinguished Democrat manager, and he concurs that we set aside the Wellstone amendment 3988 and that we proceed to 3990, which is a Kerry amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question occurs on agreeing to amendment No. 3990.

Who yields time?

Mr. KERRY. Mr. President, is it 60 seconds?

Mr. EXON. Thirty.

The PRESIDING OFFICER. Sixty seconds divided equally. The Senator has 30 seconds.

Mr. KERRY. Mr. President, this amendment would add back the President's level of funding for environmental cleanup. It adds back $7.3 billion over the 6-year period. That would go specifically to EPA enforcement, to the National Oceanic and Atmospheric Administration, to science technology research for the EPA and to the Everglades program as well as the National Park Service. This is critical funding in terms of their ability to meet increased responsibilities of research and protection, and, as I say, it simply brings it back to the President's requested level.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the budget resolution before us provides $1.5 billion more in 2002 for natural resources and the environment than the President does under his discretionary trigger. This amendment increases taxes $6.3 billion to pay for additional spending. I move to table the Kerry amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question now occurs on agreeing to the motion to table the Kerry amendment No. 3990. The yeas and nays have been ordered. The clerk will call the roll.

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 125 Leg.]

YEAS—55

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Nunn
Brown	Gregg	Pressler
Burns	Hatch	Roth
Campbell	Hatfield	Santorum
Chafee	Heflin	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Cohen	Inhofe	Snowe
Coverdell	Kassebaum	Specter
Craig	Kempthorne	Stevens
D'Amato	Kerrey	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	
Frist	McCain	

NAYS—45

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Jeffords	Reid
Byrd	Johnston	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden

The motion to lay on the table the amendment (No. 3990) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

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

AMENDMENT NO. 3991

Mr. DOMENICI. Mr. President, by agreement with the minority, we are once again going to set aside Senator WELLSTONE's 3988 and proceed to the second Kerry amendment, 3991.

Mr. KERRY addressed the Chair.

Mr. EXON. Mr. President, we are skipping out of order again. I would like to inquire of the manager, is he suggesting that we skip over Wellstone, which is No. 3988, a second time to go to the second Kerry amendment? Is that right?

Mr. DOMENICI. That is what I suggested. And I do not think I need any more time than that. I still have one Senator I have to talk to about the amendment we are passing over and then we can go right back to it.

Mr. EXON. I would not necessarily agree unless the Senator from Minnesota does agree that we have an agreement that we would go back for a vote on the Wellstone amendment and bring that up following moving ahead as the leader has suggested with the Kerry amendment.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. I thank my colleague from Nebraska for his remarks trying to protect all Senators, but I have talked with Senator DOMENICI, and I am pleased to accommodate him on this. Whatever makes more sense is fine. We will wait until the next one.

Mr. DOMENICI. I do not want to waste a lot of time. The Senator from New Mexico is not asking for anything untoward.

Mr. WELLSTONE. I do not object.

Mr. DOMENICI. I know it is all right with you. It is Senator EXON.

Mr. EXON. It is all right with me if it is all right with the Senator from Minnesota, and he said it is. That takes care of it.

Mr. DOMENICI. I thank the Senator.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

Mr. KERRY. Mr. President, this seeks to add back to the President's level the funding for various education programs ranging from the title I, Head Start, Pell grants, Goals 2000, and safe and drug-free schools. It would effectively restore for 1.3 million students the Pell grants; it would restore 550,000 students who would lose money as a result of title I cuts; it would restore 20,000 children to the Head Start Program and 130,000 youth and adults to job opportunities and skill enhancement.

This merely brings it back to the President's level, again, and is appropriately offset.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this is an amendment which will add $56 billion over the next 6 years to certain

discretionary functions, and to do it, taxes will be increased $56 billion. The increased funding will come from reducing tax deductions that are necessary for the child credit that many of us think would be more appropriate.

So I believe we ought to table the amendment, and I move to table it and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LEVIN. Mr. President, I rise in support of the amendment which Senators KERRY, MURRAY, and myself, along with others, are offering to protect funding for critical education and training programs over the next 6 years.

Last year, the budget resolution passed by the Republican majority cut discretionary education and training funds below current services by $40 billion over 7 years. This year's proposal again threatens some of America's most proven and essential education and training programs, at a time when the challenges for the future are even greater. The K–12, higher education and training initiatives that have proven to have the most success over the years should be made stronger, not weaker, as we enter the next century. What is a more important investment in our future?

The amendment which I am offering along with Senators KERRY and MURRAY, seeks to protect initiatives that we know work. Parents, educators, and students all know these programs work.

The amendment adds funding over 6 years to bring the amendment up to the levels requested in the President's budget.

Mr. President, the part of the Federal budget which we are amending includes valuable, proven programs like title I, Head Start, school-to-work, vocational education grants, Pell grants, safe and drug free schools technology challenge grants, and the Technology Literacy Fund and impact aid as well as Goals 2000 and AmeriCorps.

Our amendment replaces the Republican proposal with the spending levels proposed by the President. Under our amendment, we would invest $270.4 billion over 6 years in discretionary spending for education, job training, and social services programs, $56.1 billion more than the proposed budget resolution.

The Republican majority's budget fails to maintain fiscal year 1996 funding levels for education and training programs. Over 6 years, it falls $3.2 billion below a freeze at fiscal year 1996 levels for these discretionary programs. It does not provide for any adjustment for inflation, or increased enrollment. which could result in deep cuts in services to children and education.

By contrast, the President's budget demonstrates his continued commitment to a strong Federal investment in proven education programs, to ensure that America's children and families are prepared to meet the challenges of the 21st century.

For example, the President's fiscal year 1997 budget request calls for increasing title I funds by 7 percent over fiscal year 1995 levels to raise the academic achievement of 7 million disadvantaged students in over 50,000 American schools; special education is increased by 7 percent to maintain Federal support for the excess costs of educating almost 6 million children with disabilities; the Pell grant maximum award is increased to $2,700, up $360 or 15 percent from the 1995 level of $2,340, to provide grant aid to 3.8 million low- and moderate-income students; the College Work-Study Program is up by 10 percent, enabling an expansion of the number of students who earn some of their college costs from 700,000 to 1 million over the next 5 years; and the TRIO Program is increased by 8 percent, to provide outreach and other special support services to encourage 682,000 disadvantaged students to enter and complete postsecondary education.

Last year, as the majority attempted to impose cuts on many education programs, people at the grassroots of America spoke up. As I traveled across Michigan, I heard again and again about the value of Federal support for such programs as title I and school to work, Pell grants, and Head Start. A recent Washington Post/ABC Poll indicates 82 percent of Americans oppose cutting education to balance the Federal budget. In early January, a CNN/USA Today/Gallup Poll found that education is the top priority among voters, ranking above crime, the economy, health care, and the deficit for the first time in history.

It is unclear if the resolution proposed by the majority provides adequate budget authority for the vital title I reading, writing and math program for fiscal year 1997 to follow through on the agreement reached in the omnibus appropriations bill just a few weeks ago. Earlier versions of the majority's fiscal year 1996 appropriations measure would have cut title I by 17 percent, denying services to 1.1 million children nationwide and over 30,000 in my home State of Michigan. The School to Work Program which helps students make the transition from school to future careers and education by forming a three-way partnership between government, educators, and private industry would have been cut by 22 percent. Goals 2000, which helps States and local school districts raise academic standards and implement their own comprehensive reform plans was cut by 25 percent; and summer jobs for youth would also have been cut by 25 percent. It is only through the bipartisan efforts of my Democratic colleagues and some on the other side of the aisle that we were able to reverse these damaging cuts.

Mr. President, the Senate budget resolution caps the Direct Lending program at 20 percent of loan volume, forcing 1.6 million students in 1,100 colleges and universities out of the program against their will. Colleges should be able to choose the student loan program that provides the best services and lowest costs to their students. Direct lending permits college students to bypass the maze of lenders and middlemen in the guaranteed loan program and borrow directly from the Federal Government through their campus student aid office. At direct lending schools, needed money gets to students more promptly. The application process is simpler. Student do not submit a separate loan application to a bank.

According to the Congressional Budget Office, if direct lending is capped or eliminated, banks and guaranteed agencies will reap between $70 and $106 billion in additional business over the budget period generating an estimated $4 to $6 billion in extra profits.

Under the Republican resolution, there is concern that the maximum Pell grant award will decline substantially over the next 6 years and that eligible recipients may be cut off of the program. I received a letter today from the president of the National Association of Independent Colleges and Universities, David Warren, who states that:

> The ability to maintain the Pell Grant maximum depends on carry-overs in the funding from the previous year. The carry-over is not expected to be available beyond FY 1997, but the base has been severely reduced. It will not be possible to maintain the maximum grant in FY 1998 and beyond under the parameters provided in the pending budget resolution.

He goes on to say:

> The important roll of education in our Nation's growth is clear, over the last 60 years, education and advances in knowledge have accounted for nearly 40 percent of our Nation's economic growth. We cannot turn back now.

Mr. President, in addition to restoring funding for a variety of important education efforts, this amendment will also improve the funding levels of several job training programs.

Education builds the foundation of a person's future. Job training programs are available to help people expand that base if their careers take unexpected turns. Unfortunately, more and more people are finding themselves in a position where they have to retrain because their old job no longer exists. As the rate of change in our economy increases, so does the rate of dislocation. Every day we are faced with announcements of major corporations laying people off. But unlike the past,

people today may lose their jobs when they are 45 or 50. For these people, the Job Training Partnership Act [JTPA] maintains two programs: title II–A, adult training, and title III, training for dislocated workers.

Adult training is intended to prepare adults for participation in the labor force by increasing their educational and occupational skills. It is operated at the local level through service delivery areas designated by the Governor. The budget resolution would maintain a level funding line for adult training at a time when we are concentrating on reducing the number of people on welfare. Adult training reduces welfare dependency by helping people become productive and successful members of society. By implementing the proposed budget levels, we will be serving 65,000 fewer adults in 2002 than we did this year.

This would be a tragic mistake. Our goal is increasing self-sufficiency and that is what adult training accomplishes.

The Job Training Partnership Act also funds a number of programs which are vital towards ensuring that our youth grow along with the job market and are not left behind. One of the most successful, and most widely supported, programs of this type is the Job Corps. A residential training program for at-risk youth, over 70 percent of its enrollees leave the program to take full employment, go on for further education, or enter the military. Job Corps works, and yet, its future is threatened by this budget.

Similarly, the funding levels proposed by the majority for the Summer Youth and the Youth Training Grant Programs will result in hundreds of thousands of young people who don't receive valuable training and work experiences. Mr. President, now is not the time to walk away from our commitment to the youth of this country. We are asking them to take responsibility and to do that they must have the skills and the knowledge necessary to compete in the world. The programs I have discussed do that, and the amendment I am sponsoring today with my friend from Washington will ensure that these programs continue to serve the people that need them.

Mr. President, it is important to note that, over 6 years, the amendment we are offering spends $17.7 billion less on function 500 than would have been invested in the fiscal year 1995 pre-rescission policies had kept pace with inflation. This is a moderate and prudent increase. We can and should balance the budget over the next 6 years. We can do so without sacrificing critical investment in America's future.

Mr. HARKIN. Mr. President, here we go again. The budget resolution goes about balancing the budget in all the wrong ways by placing education at the bottom of the Nation's priority list once again.

I am pleased to cosponsor and support the Kerry amendment. The amendment puts education at the top of the national priority list by restoring funds for vital education and training programs over the next 6 years. The amendment eliminates the cuts in the budget resolution and provides the investments to education and training as proposed by President Clinton.

You will hear a lot of talk from the other side that they provide increases in education. Make sure you look beyond the blue smoke and mirrors because it is simply not true.

Just a few weeks ago we reversed deep education cuts by restoring $2.7 billion to the fiscal year 1996 education appropriations bill. However, the pending resolution does not include this restoration in the baseline, therefore we are right back where we started from.

Unless we adopt this amendment not only there will be no real investments in education, but there will be cuts over even the inadequate fiscal year 1996 levels. And our Nation will suffer as a result.

Mr. President, during the last year students, parents, teachers, school boards, and school administrators were treated to a roller coaster ride because of great uncertainties caused by the Federal budget process. Let's not repeat that mistake again this year. The American people are sick and tired of the partisan bickering and want us to get on with the business of governing.

We started last year with proposals for deep cuts in student loans. The House planned to cut $18 billion, the resolution offered by the Budget Committee called for cuts of $14 billion. We finally adopted a bipartisan amendment in the Senate which reduced the cut to $4 billion. Students and their parents were not thrilled, but saw this as at least an improvement.

But then the resolution went to conference and the cut was $10 billion. Students and their parents started to worry again.

The Senate once again moderated the cuts and people rejoiced. The House did not and concern intensified.

The final deal drastically cut the successful direct lending program and included cut of about $5 billion. That bill was rightfully vetoed.

That was followed by the ups and downs of negotiations on the fiscal year 1996 appropriations bill. The Government was shutdown twice. The 7 months the Federal Government was directionless because of short-term continuing resolutions instead of annual appropriations.

Parents worried that their children would not get the reading and math assistance they need because title I funding was cut by 17 percent. Teachers worried about whether or not they would have a job. School boards and administrators were unable to plan for the upcoming school year because they did not know what the budget would be for next year. In short, chaos reined.

We should promise the American people that we will never do that again. Passing this amendment would be a good place to start.

In addition to providing more sanity to the 1997 appropriations process, we will put out Nation on the right track for the future. We will make the investments that will enable the United States to remain competitive into the next century by making sure we have the healthiest, best educated and most skilled workers in the world.

I urge adoption of the Kerry amendment.

The PRESIDING OFFICER. Under the previous order, the question occurs on agreeing to the motion to table amendment No. 3991, offered by the Senator from Massachusetts [Mr. KERRY]. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The result was annouced—yeas 52, nays 48, as follows:

[Rollcall Vote No. 126 Leg.]

YEAS—52

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Nunn
Brown	Gregg	Pressler
Burns	Hatch	Robb
Chafee	Hatfield	Roth
Coats	Helms	Santorum
Cochran	Hutchison	Shelby
Cohen	Inhofe	Simpson
Coverdell	Kassebaum	Smith
Craig	Kempthorne	Stevens
D'Amato	Kerrey	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	
Frist	McCain	

NAYS—48

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Heflin	Pell
Bryan	Hollings	Pryor
Bumpers	Inouye	Reid
Byrd	Jeffords	Rockefeller
Campbell	Johnston	Sarbanes
Conrad	Kennedy	Simon
Daschle	Kerry	Snowe
Dodd	Kohl	Specter
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden

The motion to lay on the table the amendment (No. 3991) was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3988

Mr. DOMENICI. Mr. President, I think the regular order would return us to the Wellstone amendment No. 3988.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, there is strong bipartisan support for this amendment. But last year with LIHEAP, the Low-Income Home Energy Assistance Program, it was a nightmare with the stop-and-start-funding.

What this amendment just simply says is that we will have at least as much funding next year as we have had this year for this energy assistance program. I believe the chairman believes that is in the assumptions of the budget resolution. If so, fine. I hope we get a resounding vote because we had to fight very hard to keep this program intact this year. That is why I introduced the amendment and why I hope for a strong recorded, positive vote.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, while I have great respect for Senator WELLSTONE, I just want to tell the Senate this is a sense-of-the-Senate resolution that reaffirms what is in the budget resolution. It says the sense of the Senate is that we do precisely what is in the budget resolution.

It seems to me that everybody can have that kind of sense of the Senate on everything in the budget resolution. Anything you like, you just come up and say, "It's provided for, but I want to have a sense of the Senate on top of it being in the budget already."

There is no way to keep the amendment from proceeding, except we are going to use 15 minutes on a vote that probably is going to pass overwhelmingly because it is already in the budget resolution. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. WELLSTONE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. EXON. If there has not been a sufficient second, I ask for it.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I want to inquire, would the Senator accept a voice vote on this amendment?

Mr. WELLSTONE. Mr. President, no. I want a recorded vote on this amendment because of the struggle over this past year. My understanding is that not until yesterday did we have anything really in writing that the assumptions pointed to this. It has been too big a struggle. Many Senators in cold weather States know that. We know what happened in Chicago last summer. I want to get a strong recorded vote.

Mr. KERRY. Mr. President, the Low-Income Home Energy Assistance Program is one of the most important Federal programs for my home State of Massachusetts. I am pleased the President's budget calls for $1 billion in LIHEAP funding for the next fiscal year, and $300 million in emergency funding.

After the severe weather of this past winter—which was even more efficient than our friends on the other side of the aisle at shutting down the Government—I hope the Senate can speak with one voice and send a message to the appropriators that funding for LIHEAP should match this year's outlays.

LIHEAP means real help to people who need it. As fuel prices continue to rise, Senators should know how important this program is to their constituents. I know how important it is to mine.

For lower-income residents in Massachusetts—those who receive assistance under LIHEAP—nearly $1 in $5 of their income goes to pay for energy bills. That is, Mr. President, 20 percent of a household's budget just to heat the home. And after paying their fuel bills, the average low-income New Englander has only $43 left over. We cannot expect these people to live without LIHEAP, Mr. President. This program needs to receive funds sufficient to serve lower income families in areas which experience colder winters.

LIHEAP pays up to half of the heating bills for a family during the winter months in New England. Everyone in this country knows how cold it was in my region of the country this past winter, how much snow we had, how people were literally freezing in the streets. In fact, twice as many people froze to death during the severe winter than were killed in the 1994 California earthquake. I will never forget this past winter, as the temperature dropped below 20 degrees and the chairman of the energy committee in the Massachusetts House of Representatives, Representative Albert Herren, told me my State's LIHEAP funds had been depleted—in December.

Mr. President, it was so cold and so snowy in Massachusetts, some schools closed for snow days as late as April.

LIHEAP helps families and LIHEAP helps children, Mr. President. My friends at Massachusetts General Hospital tell me that the number of cases of child malnutrition increase every winter as families are forced to choose between eating and heating. This country is better than that, Mr. President.

I am pleased to join my friend from Minnesota, Mr. WELLSTONE, in sponsoring this sense of the Senate that funding for LIHEAP should match last year's outlays. That seems to me the minimum the Senate can do to send a message to the appropriators and to the country that Congress wants lower income Americans to survive the upcoming winter.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 3988 offered by the Senator from Minnesota. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 88, nays 12, as follows:

[Rollcall Vote No. 127 Leg.]

YEAS—88

Abraham	Feingold	McConnell
Akaka	Feinstein	Mikulski
Ashcroft	Ford	Moseley-Braun
Baucus	Frist	Moynihan
Bennett	Glenn	Murkowski
Biden	Graham	Murray
Bingaman	Grams	Nunn
Bond	Grassley	Pell
Boxer	Gregg	Pressler
Bradley	Harkin	Pryor
Breaux	Hatch	Reid
Bryan	Hatfield	Robb
Bumpers	Heflin	Rockefeller
Burns	Hollings	Roth
Byrd	Hutchison	Santorum
Campbell	Inouye	Sarbanes
Chafee	Jeffords	Shelby
Coats	Johnston	Simon
Cochran	Kempthorne	Simpson
Cohen	Kennedy	Smith
Conrad	Kerrey	Snowe
Craig	Kerry	Specter
D'Amato	Kohl	Stevens
Daschle	Lautenberg	Thompson
DeWine	Leahy	Thurmond
Dodd	Levin	Warner
Dole	Lieberman	Wellstone
Domenici	Lott	Wyden
Dorgan	Lugar	
Exon	McCain	

NAYS—12

Brown	Gramm	Kyl
Coverdell	Helms	Mack
Faircloth	Inhofe	Nickles
Gorton	Kassebaum	Thomas

The amendment (No. 3988) was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3995

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, this amendment is a sense-of-the-Senate resolution that says that when the Congress has adopted fundamental tax reform, we should, thereafter, adopt some kind of supermajority requirement to raise taxes as a constitutional amendment.

This is the idea that came from the Kemp Commission, which said if we ever get to a single rate tax, whether a consumption tax or income tax, thereafter, we better make it harder to raise taxes because there is no place to shelter income taxes. So once we have tax reform, we should have a supermajority requirement.

Mr. EXON. Mr. President, this is a far reaching and very little considered amendment. It calls for a supermajority vote, presumably a two-thirds majority for Congress to approve a tax increase, but also calls for a flat tax. While many of us support tax reform,

we should not be endorsing a particular plan without careful consideration of the alternative. I urge the Senators to vote against this unwise and undemocratic amendment.

Mr. President, I ask unanimous consent that an analysis of the amendment be printed in the RECORD at this point.

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

CENTER ON BUDGET AND POLICY PRIORITIES,
Washington, DC, May 21, 1996.

KYL AMENDMENT ON TAXES THREATENS DEFICIT REDUCTION AND PROTECTS WASTEFUL TAX BREAKS

The Senate is scheduled to vote on Sen. Kyl's amendment to the pending budget resolution calling for "fundamental tax reform" to replace the current "indefensible" federal tax system, and endorsing an amendment to the U.S. Constitution requiring supermajorities to "raise tax rates, impose new taxes, or otherwise increase the amount of taxpayer's income that is subject to tax."

Sen. Kyl's amendment is a "sense of the Senate" amendment and therefore would not have legal force, but Senators who vote for it may later be pressed to vote for substantive legislation that would replace current progressive taxes (which taken into account ability to pay) with flat taxes, national sales taxes, or other taxes that exclude investment income from the tax base.[1]

In addition, Senators who vote for the Kyl amendment will be under great pressure to vote for S.J. Res. 49, Senator Kyl's proposed amendment to the Constitution requiring supermajorities to raise taxes.

Kyl Constitutional Amendment

"Any bill to levy a new tax or increase the rate or base of any tax may pass only by a two-thirds majority of the whole number of each House of Congress."

The Kyl amendment to the budget resolution and the companion constitutional amendment are undesirable for a variety of reasons.

The nation will face very large deficits in coming decades when the baby boom generation retires—perhaps exceeding 15 percent of the economy by 2030—if current budget policies are not changed. Many experts believe Congress will need to consider both significant spending cuts and revenue increases in the decades ahead. The Kyl amendments would effectively preclude such a deficit reduction package, because of the revenue increases they would contain.

Furthermore, the Kyl amendments would inequitably benefit the wealthiest and most powerful at the expense of the rest of the U.S. population. A two-thirds majority would be required to curb special interest tax expenditures, which disproportion benefit those at high income levels. By contrast, a simply majority vote would suffice to cut federal programs, which primarily benefit the middle class and the poor. Apportioning the sacrifice of deficit reduction would not be done on a level playing field.

The Kyl amendments could threaten the solvency of Social Security, which may ultimately need payroll tax increases as well as benefit cuts to restore long-term balance. A payroll tax increase would require a two-thirds vote, and runs counter to the stated policy of the Kyl Amendment against payroll taxes (see footnote 1). The same is true for Medicare, which may also need premium increases to restore solvency. Yet any premium increase that takes into account a beneficiary's ability to pay could be considered a tax, and therefore prohibited.

The Kyl constitutional amendment has special problems of its own—by requiring supermajorities for *any* new tax, base broadener, or rate increase, it effectively precludes all tax reform, from Chaffee-Breaux to Domenici-Nunn, from a flat tax to a national sales tax. For example, the 1986 tax reform bill, which lowered marginal rates while closing loopholes, would have been unconstitutional simply because it broadened tax *bases*. Last year's reconciliation bill would also have been unconstitutional for the same reason.

The Kyl constitutional amendment undermines the basic principles of majority rule that are at the heart of American democracy. Nowhere in the Constitution are supermajorities required to adopt or amend issues of public policy—in fact, the framers explicitly and knowingly rejected supermajorities. Further, because it would require a two-thirds vote of the *entire membership* of the House and the Senate (rather than two-thirds of those voting), this proposal is even more restrictive than the two-thirds needed to override a presidential veto or to amend the Constitution.

I. THE CONSTITUTIONAL AMENDMENT AND THE LONG-TERM FISCAL FORECAST

The Federal deficit now has been reduced below two percent of the Gross Domestic Product (the basic measure of the size of the U.S. economy), a level that many economists believe does not cause significant damage even if maintained over a substantial period of time. But as the Bipartisan Commission on Entitlement and Tax Reform warned in 1994, if not action is taken to raise revenue or restrain Medicare, Social Security, Medicaid, and some lesser entitlements—and other Federal spending remains constant as a share of GDP—the deficit will rise sharply when the baby boom generation retires. The Entitlement Commission forecast the deficit will exceed 15 percent of GDP by 2030 if no such action is taken. Based on a recent slowdown in the rate of growth of health care costs, current forecasts are a bit less pessimistic, but not by much. President Clinton's new budget forecasts the deficit will equal 12 percent of GDP in 2030 under current tax and entitlement laws and rise further to 26 percent of GDP by 2050. In short, any reasonable long-term forecast will show projected deficits in the next century to be extremely large and of a magnitude unhealthy for the U.S. economy To avoid such a development, major deficit reduction that extends far beyond the steps Congress and the Administration are currently considering will ultimately be needed.

Testifying before the Entitlement Commission in 1994, Robert Reischauer, then the director of the Congressional Budget Office, observed that the public would be unlikely to accept the steps that would be required either to extract all of the needed deficit reduction in the decades ahead just from government programs or to extract all of the needed deficit reduction just from revenues. In the long run, Reischauer predicted, policymakers will agree on some mix of program cuts and revenue increases to prevent deficits of a magnitude that would do substantial damage to the economy.

The proposed constitutional amendment is designed to ensure that virtually none of those future deficit reduction measures come from the revenue side and virtually all come from cutting programs. That the amendment would bar virtually all revenue increases can be seen by examining House votes for the four principal deficit reduction measures enacted between 1982 and 1993 that raised federal revenue. Although three of these four measures were signed by Republican presidents and all four enjoyed the support of Democratic Congressional leaders, *none* received two-thirds support on the House floor. A fifth measure—the 1983 Social Security rescue plan, which increased Social Security payroll tax collections—also failed to secure a two-thirds vote despite strong support from President Reagan and Congressional leaders.

The constitutional amendment thus would likely lead to one of several outcomes: (1) larger deficits over time; (2) a greatly shrunken federal government that is unable to do much beyond running Social Security and Medicare, maintaining national defense, making federal pension and veterans payments, and paying interest payments on the national debt; and (3) steep reductions in Social Security and Medicare that significantly reduce the living standards of millions of elderly people who are not well off. Such stark outcomes are not necessary if a balance of spending cuts and revenue increases ultimately can be considered over the next three decades. Such balance is what the amendment is designed to prevent.

That the statements in the previous paragraph are not hyperbole can be seen by examining a chart the Entitlement Commission published in 1994 showing the fiscal forecast through 2030 under current tax and entitlement law. When the baby boom generation reaches retirement and an unprecedented proportion of the population is elderly, some increases in revenues are likely to be needed, in addition to actions to restrain Social Security and Medicare costs and actions of the type the President and Congress are proposing for the years between now and 2002.

II. THE AMENDMENT EFFECTIVELY BARS MEASURES TO CLOSE TAX LOOPHOLES

The requirement for a two-thirds majority would apply not only to measures to raise tax rates but also to measures to cut unproductive tax expenditures that grant subsidies to powerful special interests. A recent Congressional Budget Office study found that over half of the corporate subsidies the federal government provides are delivered through the tax code. Curbing corporate welfare provided through the tax code is one way to help reduce the deficit, but it would require a two-thirds vote under the proposed amendment. This would essentially rule out closing corporate loopholes as a way to help shrink the deficit.

In fact, a substantial share of the federal budget would effectively be placed off limits for deficit reduction by the constitutional amendment. Provisions of the tax code that the Joint Committee on Taxation classifies as "tax expenditures"—spending programs that operate through the tax code by selectively reducing the tax liability of particular individuals or businesses—now cost more than $400 billion a year. (The corporate subsidy provisions that operate through the tax code are a part of this total.) This is more than the government spends on Social Security or defense.

In testimony before the Entitlement Commission in 1994, Federal Reserve Board chairman Alan Greenspan referred to these provisions of the tax code as "tax entitlements"

[1] Footnotes to appear at end of article.

because they entitle those who qualify for them to government subsidies provided in the form of a special tax reduction. Greenspan testified that the tax entitlements should be looked at, along with the spending entitlements, in developing measures to address the nation's long-term deficit problem.

If anything, the proposed constitutional amendment would encourage the spread of more tax expenditures over time, since such measures would take only a majority vote to enact but a two-thirds vote to remove. In addition, if Congress passed a series of tax changes that were thought to be deficit-neutral, but clever, high-priced tax lawyers and accountants then found ways to convert some of the measures into tax shelters at greater-than-anticipated cost to the Treasury, it would take a two-thirds vote to scale the shelters back so the original measure did not produce a net revenue loss.

Even measures to prevent companies from gaining tax advantages by moving plants—and jobs—overseas would require a two-thirds vote.

III. AMENDMENT TILTS TOWARD THE WEALTHY AND THE POWERFUL AT THE EXPENSE OF AVERAGE FAMILIES AND THE POOR

Most government benefits that low- and middle-income Americans receive come from government programs, such as Social Security, Medicare, Medicaid, student loans and grants, unemployment insurance, school lunches, and food stamps. By contrast, most government subsidies that wealthy individuals and large corporations receive come through tax subsidies. As a result, a constitutional amendment that makes it extremely difficult to scale back tax subsidies when decades of deficit reduction lie ahead tilts the playing field in favor of the wealthy and powerful over Americans of average or lesser means.

In addition, such a constitutional amendment would place off limits even measures asking program beneficiaries who have high incomes to pay more for the government benefits they receive. For example, to "means test" Medicare premiums by raising the premiums on those at high income levels, Congress must rely on the tax code to collect the increased premiums, since Social Security offices (which administer Medicare) have no information on beneficiaries' current incomes. Indeed, when the Republican budget bill reached the House floor last fall, the House parliamentarian advised that its provision raising Medicare premiums for those at higher income levels could constitute a tax increase. Under the constitutional amendment, measures of this nature would require a two-thirds vote, rendering them extremely difficult to pass. This makes it more likely that when steps are taken to restrain Medicare costs, low-income and middle-income beneficiaries will have to bear a heavier share of the load.

The amendment also would be likely to injure the middle class and the poor for another reason. If the federal government is unable to raise revenue when needs for public expenditures rise, one likely result will be to shift more of the burden of raising revenue and meeting public needs to state and local governments. Most state tax codes are regressive (i.e., the taxes they impose consume a larger percentage of the income of lower-income households than of higher-income households). State and local governments extract a larger proportion of the revenues they raise from the middle class and the poor, and a smaller proportion from the affluent, than the federal government does. If revenue-raising burdens are shifted from the federal to state and local levels, the share of the overall tax burden borne by the middle class and the poor is likely to rise.

IV. AMENDMENT COULD LEAD TO OVERLY LARGE CUTS IN SOCIAL SECURITY AND MEDICARE BENEFITS

Social Security and Medicare benefits need to be restrained in the years ahead. Both programs are out of long-term actuarial balance, and both contribute significantly to the projected increase in the long-term deficit.

But the constitutional amendment would almost certainly lead to larger reductions in Social Security and Medicare benefits than otherwise would be needed, reductions that could adversely affect the living standards of retirees, including those of modest income and those in poverty. This would be true for several reasons.

First, by effectively preventing revenues from contributing to deficit reduction despite the need for large-scale deficit reduction in the decades ahead, the amendment would place a greater deficit reduction load on Medicare and Social Security. These two programs are projected eventually to constitute half or more of the federal budget, exclusive of interest payments on the debt. If there is no revenue contribution to deficit reduction, there will have to be a greater contribution from Medicare and/or Social Security benefits than would otherwise be the case.

Second, the amendment would effectively rule out measures to raise Medicare premiums for those at higher income levels. As noted above, last year's budget reconciliation bill contained such a measure. When it was about to come to the House floor, the House parliamentarian advised that it could constitute a tax increase. A House rule that the new Congress adopted in January 1995 requires a three-fifths majority for measures raising tax rates, so the parliamentarian's advice meant the budget bill would need a three-fifths vote unless this rule was waived. The House leadership promptly arranged for a waiver of the rule. But once a supermajority requirement is in the Constitution, no waivers are possible.

Third, the constitutional amendment effectively rules out even small adjustments in Medicare and Social Security payroll taxes as part of the effort to bring these programs into long-term actuarial balance and also help reduce the deficit. Modest increases of a fraction of a percentage point in the payroll tax would require a two-thirds vote, thereby making them virtually impossible to achieve. Yet Medicare in particular is so far out of actuarial balance that it is difficult to see how to restore long-term balance to the program without some increase in payroll tax contributions along with other changes, unless the health insurance that Medicare provides is scaled back very substantially.

In a symposium last September, Henry Aaron, Director of Economic Studies at the Brookings Institution and a well-known expert in this area, observed that the full $270 billion that Republican Congressional leaders were seeking in Medicare savings over seven years could be achieved if one combined Republican Medicare proposals that represent sound policy and yield about half of the $270 billion in savings with an increase of one-quarter of one percentage point in the employer and the employee shares of the Medicare payroll tax. This would slightly reduce workers' wages. (Most economists believe that both the employee and the employer shares of payroll taxes are effectively borne by employees in the form of wages lower than they otherwise would be paid. As a result, claims that small increases in payroll taxes would heavily burden employers and cause substantial job loss have little merit.) In return, employees would get a Medicare system that had the resources to provide continually improving health care to their parents and ultimately to themselves as it took advantage of emerging medical technologies that improve health and prolong life.

Furthermore, one of several reasons that Medicare and Social Security face long-term deficits is that over time, a steadily increasing share of employee compensation is being provided in the form of fringe benefits not subject to the payroll tax, while a steadily smaller share is provided in wages that are subject to the tax. Modest measures to shore up Social Security and Medicare by slowing the erosion in the share of employee compensation subject to the payroll tax would, however, also require a two-thirds majority.

Even measures to bring all state and local government employees into the Social Security system—a step nearly all budget analysts favor regardless of whether they are conservative or liberal, and which would strengthen the Social Security system and reduce the deficit—would require a two-thirds vote, because such measures would increase federal revenue. Such measures would become virtually impossible to pass. (For a further discussion of these issues, see an accompanying Center on Budget and Policy Priorities analysis, "Proposed Constitutional Amendment Would Make It More Difficult to Address the Long-Term Social Security and Medicare Crises.")

V. THE CONSTITUTIONAL AMENDMENT PRECLUDES ANY TAX REFORMS, FROM CHAFEE-BREAUX TO THE MOST THOROUGH OVERHAUL

Under the terms of the Kyl constitutional amendment, any base broadener in a tax bill would make that bill unconstitutional, absent a two-thirds vote by both chambers. This would be true regardless of the amount of offsetting new exemptions or deductions, regardless of any offsetting reduction in marginal tax rates, and regardless of whether the bill as a whole raised or lost revenue.

The Chafee-Breaux plan would therefore be unconstitutional—unless it obtained a two-thirds vote—because it contains the following items:

Elimination of the subsidy of Part B Medicare premiums for high-income persons (a new tax).

Extension of expired tax provisions (such as the oil spill liability tax and the federal unemployment surtax).

Improvement in EITC targeting (reducing eligibility for those with other economic resources, thus raising their taxes).

Closing tax loopholes and similar reforms ("corporate welfare").

Reduced indexation via the CPI (because the reduction would decrease the degree to which income tax brackets, etc., change to offset inflation).

For the same reason, last year's reconciliation bill would be unconstitutional—it contained some loophole closers, and it increased the effective tax rate on some small business capital gains while creating a uniform, much lower capital gains rate overall.

Most flat tax proposals broaden tax bases by eliminating some or all of the current exemptions or deductions from income. (Some would create new exemptions for investment income.) Therefore, they also would be unconstitutional. Similarly, the Domenici-Nunn USA tax would be unconstitutional because it includes some base broadeners and

raises rates, despite its major new exemptions for investment income. So would a VAT or national sales tax, since it would constitute a "new" tax. Special environmental taxes, such as California's 1991 tax on the production of lead (which paid for the evaluation, screening, and medically necessary treatment of children with lead poisoning), would be unconstitutional as well.[2]

VI. WEAKENING OUR SYSTEM OF DEMOCRACY

Finally, the amendment would gravely weaken the principle of majority rule that has been at the heart of our system of representative democracy for more than 200 years. In effect, the amendment would give only one-half of a vote to any Senator who votes to close a tax loophole, broaden at tax base, raise any tax rate, or create any new tax or certain new fees. Senators on the other side would get a full vote.

The constitutional amendment would partially restore the system we had in the 1780s under the Articles of Confederation, a system that functioned poorly and was soon scrapped.

The Articles of Confederation required the vote of nine of the 13 states to raise revenue. At the Constitutional Convention in 1787, the Founding Fathers recognized this was an insurmountable defect and fashioned a national government that can impose and enforce laws and collect revenue through simple majority rule.

The proposed constitutional amendment would end the ability of a majority of the American people, acting through their duly elected representatives, to decide whether they would like to raise more revenues so the Federal Government can address needs the majority finds legitimate. The amendment would deny the majority this right both now and in future generations.

At its core, the amendment is rooted in deep distrust of the ability of the majority of the American people to make decisions that the authors of the amendment believe to be ideologically correct. Hence, the amendment seeks permanently to deny the majority that right. Powerful, well-connected minorities would gain great power at the expense of the majority. In short, the amendment fundamentally is anti-democratic.

Votes for Recent Legislation that Raised Taxes

Between 1982 and 1993, five pieces of legislation that raised significant revenue were enacted. Presidents Reagan signed three of these measures, while President Bush and President Clinton each signed one. All five failed to secure a two-thirds vote on the House floor.

In passing the Tax Equity and Fiscal Responsibility Act of 1982, a measure crafted in substantial part by Senator Bob Dole, the House vote was 226–207. When the House considered its version of the 1983 Social Security rescue plan the following year, the vote was 282–148. The vote for the 1987 budget reconciliation bill, a product of bipartisan negotiations that contained both spending cuts and revenue increases, was 237–181, while the 1990 budget agreement passed by only 228 to 220. The 1993 budget agreement passed by a slender 218–216 vote.

During this period only one measure that raised revenue secured a two-thirds vote, the 1989 reconciliation bill. The 1989 bill was a minor measure. It did relatively little to reduce the deficit and contained only very small revenue increases. The revenue increases in all five of the pieces of legislation that failed to secure a two-thirds vote exceeded the level of revenue increases in the 1989 bill.

Law School Dean Warns of Perverse Effects

In testimony before the Subcommittee on the Constitution of the House Judiciary Committee on March 6, Samuel C. Thompson, Jr., Dean of the University of Miami Law School, warned of potential perverse effects from the proposed amendment. Thompson wrote:

". . . adoption of this proposed amendment would significantly penalize the American public for mistakes made in the tax legislative process. For example, assume that after adoption of this Constitutional amendment, Congress adopts a flat tax. Assume that it is estimated that the flat tax will reduce revenues by $100 billion. It turns out, however, that tax lawyers discover a gaping hole in this legislation and that as a result the revenue loss is $200 billion, not $100 billion. The Treasury immediately proposes a base-broadening amendment to close the loophole and to restore fiscal responsibility. The amendment is opposed by powerful special interests who will prevail if they can convince just 33⅓ percent of the members of either the House or the Senate to vote against the amendment."

Most States Do Not Have Supermajority Requirements

Only six states require the approval of at least two-thirds of their legislatures for any tax increase. Five other states either require such approval for some taxes but not others, require a three-fifths rather than a two-thirds vote, or both. Other states generally require simple majority approval for revenue increases of all sorts.

Furthermore, a 1993 General Accounting Office study of state budget trends found that a majority of states surveyed had used both spending cuts and revenue increases to balance their budgets in recent years. Revenue increases accounted for about one-third of the deficit reduction these states instituted to balance their budgets during the period studied.

James Madison on Majority Rule

The Constitutional Convention rejected requiring supermajority approval for basic functions such as raising taxes. Supermajority rules had applied in the Continental Congress. The framers of the constitution had experience with these rules and understood what they were rejecting.

In the Federalist Papers No. 58, James Madison, one of the key figures in drafting the Constitution, explained why the Constitution rejected supermajority rule:

"It has been said that more than a majority ought to have been required for a quorum, and in particular cases, if not in all, more than a majority of a quorum for a decision . . . [But that would mean] . . . [i]n all cases where justice or the general good might require new laws to be passed, or active measures to be pursued, the fundamental principle of free government would be reversed. It would be no longer the majority that would rule; the power would be transferred to the minority. Were the defense privilege limited to particular cases, an interested minority might take advantage of it to screen themselves from equitable sacrifices to the general weal, or in particular emergencies to extort unreasonable indulgences."

Madison equated majority rule with "free government." In his view, freedom consisted not just in protecting individuals from unreasonable intrusion by government, but also in the right of citizens to have an equal voice in the affairs of government. According to Madison, a person whose vote is diluted by supermajority rules is not an equal citizen and so does not fully enjoy the fruits of freedom.

FOOTNOTES

[1] The Kyl amendment to the Senate budget resolution endorses a tax system that is "fairer, flatter, and simpler; that promotes, rather than punishes, job creation, . . . that provides incentives for Americans who save for the future . . . that raises enough money to fund a leaner, more efficient Federal Government . . ." Some of these phrases are problematic. For instance, the tax code is currently much less progressive than it was in the 1950s, 1960s, and most of the 1970s. Restoring some of that progressivity is viewed by many as enhancing fairness, and the extra revenues could be used either to reduce the deficit or reduce effective tax rates on the middle class. Yet this runs counter to the call for "flatter" taxes. Second, payroll taxes "punish job creation" to a certain extent, but are considered by the public as a fair trade for Social Security and Medicare. If those programs were funded through general revenues, support for them might erode. Third, tax breaks for private savings tend to decrease national savings because of the federal revenues they lose, and in any case favor investors over workers, again raising questions of fairness. Finally, although a "leaner, more efficient Federal government" sounds desirable, the idea that revenues should be cut (which increases the deficit) runs counter to the greater good that can be obtained by reducing the deficit.

[2] The California Court of Appeals recently, and apparently correctly, overturned this California fee on the grounds that it passed the California legislature without the requisite two-thirds vote required by the California constitution.

Mr. EXON. I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Arizona [Mr. KYL]. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. HELMS). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 59, nays 41 as follows:

[Rollcall Vote No. 128 Leg.]

YEAS—59

Akaka	Feinstein	Lieberman
Baucus	Ford	Lugar
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Gregg	Moynihan
Bradley	Harkin	Murray
Breaux	Hatfield	Nunn
Bryan	Heflin	Pell
Bumpers	Hollings	Pryor
Byrd	Inouye	Reid
Chafee	Jeffords	Robb
Cohen	Johnston	Rockefeller
Conrad	Kassebaum	Sarbanes
Daschle	Kennedy	Simon
DeWine	Kerrey	Simpson
Dodd	Kerry	Snowe
Domenici	Kohl	Specter
Dorgan	Lautenberg	Stevens
Exon	Leahy	Wellstone
Feingold	Levin	

NAYS—41

Abraham	Coats	Frist
Ashcroft	Cochran	Gorton
Bennett	Coverdell	Gramm
Bond	Craig	Grams
Brown	D'Amato	Grassley
Burns	Dole	Hatch
Campbell	Faircloth	Helms

Hutchison	McConnell	Smith
Inhofe	Murkowski	Thomas
Kempthorne	Nickles	Thompson
Kyl	Pressler	Thurmond
Lott	Roth	Warner
Mack	Santorum	Wyden
McCain	Shelby	

The motion to lay on the table the amendment (No. 3995) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. EXON. Mr. President, I move to vitiate the yeas and nays on the underlying amendment in view of the success of the tabling motion.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. DOMENICI. Mr. President, I will give just a brief report. We started at 9:15. We have disposed of 12 amendments, 8 of them with rollcalls, and 4 accepted, or voiced. That is less than three actual votes per hour. The total going into this was 39 pending amendments. We have disposed of 12. If my arithmetic is right, we have 27 amendments remaining. On the last vote, we went 7 minutes over. We have been over on every single one. I do not know what time we will decide to actually close but we are getting perilously close to regular order on one of these.

So I urge you to get here on time. I say to the Senate that I have spoken to Senator EXON and to a number of Senators.

When we get to 12:15, the 2 rollcalls following 12:15 will each be 15-minute rollcall votes instead of 10. That is to allow Senators to get a cup of soup. They can take 20 minutes if they hurry up and vote and leave and come back. The max you can get is 30, but I am fearful the time may run out on you. So that is going to be the case.

In fact, I propound that as a unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. Reserving the right to object, but I shall not object, I just want to compliment the manager of the bill for the very good suggestion that we keep plowing ahead. I would just like to say at this time I think it would be only fair to Members of the body if we tried to outline the proposition on the things to come. We have made some progress, although I join my leader in the Budget Committee in appealing for faster movement. I simply say that I believe it is obvious, at least it is obvious to this Senator at this time, that with the fact that we have an obligation that has been committed to for this evening, it would seem clear to me that there is no chance we will finish voting on this resolution today. I am just wondering if that is the feeling of the manager of the bill?

Mr. DOMENICI. No, I have not given up on completing it. I have not even agreed that we will be in recess during this dinner we have for spouses. My wife is not terribly impressed with going, she said to me, so I might be down here voting. If the distinguished Republican whip does not like that——

Mr. EXON. Is it possible to do anything on a 1-to-nothing vote?

Mr. DOMENICI. We may be having rollcall votes all night tonight. I am thinking that is an option. But let me suggest maybe we can try something a little different.

The PRESIDING OFFICER. Senators will be quiet, please. Please let there be a modicum of decorum in the Senate.

Mr. DOMENICI. Maybe we will have our staffs do this, if you would like to help us. Maybe we can take two or three of the sense-of-the-Senate propositions that have some symmetry and maybe we can ask for them to be voted on en bloc, and maybe that would give everybody his or her vote.

I note some staffers are saying no. But we might try it. Let us see if we could package a few of them. I am not sure that will work.

Mr. EXON. We will talk on anything to expedite the process.

Mr. DOMENICI. Let us go to the next amendment.

AMENDMENT NO. 3996

Mr. KYL. Mr. President, this is an amendment to save a little bit of money in the LIHEAP Program, the Low-Income Home Energy Assistance Program. There are 6 years in our budget. The budget of the President and the committee and my amendment are all the same for the first 2 years at $1 billion. The next 2 years, I accept the President's budget numbers, which are $934 million and $819 million respectively. Then, in years 5 and 6, I keep the number, adding $119 million. So for the last 3 of the 6 years, the numbers spent would be $819 million, which is the President's number in year 4. The total savings would be $633 million if we accept this amendment rather than going the route of the Budget Committee.

I urge an "aye" vote.

Mr. EXON. I yield 30 seconds against the amendment.

Mr. WELLSTONE. Mr. President, may I have order?

Mr. DOMENICI. Just a second, Mr. President. I believe I have the authority to designate the Senator in opposition. Senator SPECTER wants to do that. Can we give each one of them 30 seconds, Senator SPECTER and Senator WELLSTONE?

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

Mr. KYL. Reserving the right to object——

Mr. DOMENICI. And Senator KYL would get 30.

Mr. SPECTER. Mr. President, I strenuously oppose this amendment.

As chairman of the subcommittee having jurisdiction over LIHEAP funding, I can tell you that we have fought hard for program funding this year. There have been consistent reductions in program funding. We are into the bone. The LIHEAP funds are indispensable for the aging. We are talking about people who have the option of heating or eating. The vast majority, 80 percent, goes to people who have incomes of $7,000 or less. This funding ought not to be cut.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Minnesota.

Mr. WELLSTONE. I defer to the Senator from Arizona.

Mr. KYL. I will be happy to speak now, and allow the Senator from Minnesota to have the last word.

I accepted the numbers from the President, whose budget office gave that program a lower priority by virtue of the fact it was supposed to be temporary. So in years 3 and 4 we have accepted the numbers of the President's budget and then just continued those numbers for years 5 and 6. This is not a drastic reduction, but it is one small step we can take to at least show some sense of fiscal responsibility.

Mr. WELLSTONE. Mr. President, it is not the President's budget, not the last several years. It is a big difference. We just voted 88 to 12 for support of this program. Now we are going to vote for hundreds of millions of dollars in cuts in the outyears. I am delighted my colleague is no longer trying to eliminate the Low-Income Home Energy Assistance Program, but I would remind him that even in States like Arizona, this summer it could be 110 degrees in nursing homes and you might be eligible for cooling assistance. This is important for vulnerable citizens. We should have a strong "no" vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 26, nays 74, as follows:

[Rollcall Vote No. 129 Leg.]

YEAS—26

Ashcroft	Grams	Mack
Bennett	Grassley	McCain
Brown	Hatch	McConnell
Campbell	Helms	Murkowski
Cochran	Hutchison	Nickles
Coverdell	Inhofe	Shelby
Dole	Kassebaum	Thomas
Faircloth	Kyl	Thurmond
Gramm	Lott	

NAYS—74

Abraham	Bingaman	Breaux
Akaka	Bond	Bryan
Baucus	Boxer	Bumpers
Biden	Bradley	Burns

Byrd	Harkin	Nunn
Chafee	Hatfield	Pell
Coats	Heflin	Pressler
Cohen	Hollings	Pryor
Conrad	Inouye	Reid
Craig	Jeffords	Robb
D'Amato	Johnston	Rockefeller
Daschle	Kempthorne	Roth
DeWine	Kennedy	Santorum
Dodd	Kerrey	Sarbanes
Domenici	Kerry	Simon
Dorgan	Kohl	Simpson
Exon	Lautenberg	Smith
Feingold	Leahy	Snowe
Feinstein	Levin	Specter
Ford	Lieberman	Stevens
Frist	Lugar	Thompson
Glenn	Mikulski	Warner
Gorton	Moseley-Braun	Wellstone
Graham	Moynihan	Wyden
Gregg	Murray	

The amendment (No. 3996) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3997

Mr. DOMENICI. Mr. President, the next two votes are the votes we are going to have 15 minutes on each of them. Senator KENNEDY's amendment is up under the regular order.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, if we could have order in the Senate, I will just speak briefly.

The PRESIDING OFFICER. The Senate will not proceed until we come to order. The Senate will come to order.

Mr. KENNEDY. Mr. President, the current law does not permit what we call double billing. If there are going to be services purchased for Medicare recipients, that will be payment in full.

Under the Republican proposal, they are creating additional kinds of options to spread this out into the private sector. We say that that is fine, but we want to continue the same protection of no double billing. No double billing is extremely important to all Medicare recipients. We should maintain that concept in any new future private contracting with Medicare.

That is what this amendment does, and I think it is absolutely necessary to protect our senior citizens.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, last year, we maintained current law prohibitions on balanced billing with traditional fee-for-service Medicare. If, however, a Medicare beneficiary wanted to choose a privately offered Medicare plan under that new plan, he or she must be permitted to choose a plan which might allow the doctor to charge more.

This amendment would put us on record that we cannot have that kind of new plan which would be voluntary and chosen by the beneficiaries.

So, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. EXON. May I inquire of the chairman, it is true now that this will be a 15-minute vote, as is the one to follow? Is that correct?

Mr. DOMENICI. That is correct.

Mr. EXON. I thank my chairman.

The PRESIDING OFFICER. This will be a 15-minute vote.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from Massachusetts [Mr. KENNEDY]. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 49, nays 51, as follows:

[Rollcall Vote No. 130 Leg.]

YEAS—49

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Pressler
Brown	Gregg	Roth
Burns	Hatch	Santorum
Campbell	Hatfield	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Coverdell	Inhofe	Specter
Craig	Kassebaum	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	
Frist	McCain	

NAYS—51

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Heflin	Nunn
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Byrd	Jeffords	Reid
Chafee	Johnston	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Snowe
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden

The motion to lay on the table the amendment (No. 3997) was rejected.

Mr. KENNEDY. Mr. President, if it is agreeable with the Senator from New Mexico, I suggest we have a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3997) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. KENNEDY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3998

Mr. KENNEDY. Mr. President, our next amendment is focused on nursing homes, to make sure the standards that were worked out in 1987, in a bipartisan way, which have been enormously effective in protecting seniors, are going to be continued not only that the Federal standards will be continued but also Federal enforcement.

There is a question about whether we need this kind of an amendment or not. The House of Representatives now has been willing to accept the standards but not the enforcement. Seniors are entitled to both. That is what this amendment does, maintain the current law. I believe it is necessary for protecting our senior citizens.

Mr. DOMENICI. Mr. President, our Medicaid restructuring plan will maintain current law and nursing home standards. As I read the Kennedy amendment, it proposes to change country law as well.

I ask the Senator if we could accept the Kennedy amendment without a vote, thus permitting us to proceed to another amendment. Would the Senator consider a voice vote?

Mr. KENNEDY. Mr. President, I appreciate the support for this program, but there is a very key element that differentiates this proposal with what has been happening in the House, and that is with regard to the enforcement. I think a strong voice for not only the standards but the enforcement, as well, is a very important part of it. It would be a strong indication, certainly to the conferees, that is the will of the Senate. I think it is of sufficient importance that we ought to go on record on that.

Mr. DOMENICI. Mr. President, I want to repeat, I have been assured by the Finance Committee before this amendment came up that we keep current law. I do not think we need a vote, but if the Senator wants it, I urge all Republicans vote "aye."

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Virginia [Mr. ROBB] is necessarily absent.

The PRESIDING OFFICER (Mr. SANTORUM). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 131 Leg.]

YEAS—99

Abraham	Bond	Burns
Akaka	Boxer	Byrd
Ashcroft	Bradley	Campbell
Baucus	Breaux	Chafee
Bennett	Brown	Coats
Biden	Bryan	Cochran
Bingaman	Bumpers	Cohen

Conrad	Heflin	Moynihan
Coverdell	Helms	Murkowski
Craig	Hollings	Murray
D'Amato	Hutchison	Nickles
Daschle	Inhofe	Nunn
DeWine	Inouye	Pell
Dodd	Jeffords	Pressler
Dole	Johnston	Pryor
Domenici	Kassebaum	Reid
Dorgan	Kempthorne	Rockefeller
Exon	Kennedy	Roth
Faircloth	Kerrey	Santorum
Feingold	Kerry	Sarbanes
Feinstein	Kohl	Shelby
Ford	Kyl	Simon
Frist	Lautenberg	Simpson
Glenn	Leahy	Smith
Gorton	Levin	Snowe
Graham	Lieberman	Specter
Gramm	Lott	Stevens
Grams	Lugar	Thomas
Grassley	Mack	Thompson
Gregg	McCain	Thurmond
Harkin	McConnell	Warner
Hatch	Mikulski	Wellstone
Hatfield	Moseley-Braun	Wyden

NOT VOTING—1

Robb

The amendment (No. 3998) was agreed to.

Mr. DOMENICI. Mr. President, I wanted to comment for the Senate.

How many minutes are we over the 15?

The PRESIDING OFFICER. Eight minutes.

Mr. DOMENICI. Eight minutes over when regular order was called for.

The next amendment is another Kennedy amendment.

Is that correct?

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 3999

Mr. KENNEDY. That is correct. Mr. President, this amendment just retains current law on spousal impoverishment. All of us remember 1987–88 when these amendments were offered by our friend and colleague, Senator MIKULSKI of Maryland, in the Senate in a bipartisan way in terms of protecting spousal impoverishment and adult members of families, as well as prohibiting liens on the homes. We can all say we are for this proposal, but last year every single reconciliation piece of legislation that came before us went back on at least one of the four major protections on spousal and family impoverishment.

By this record we will send a very clear signal that we want to retain the current law. It is important that we do so for these families of nursing home members, and this amendment will put the Senate on record in favor of those protections.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, we assume precisely what the sense-of-the-Senate amendment provides. I understand the Senator wants to vote. So he is entitled to a vote. I suggest that everybody vote for it.

Mr. KENNEDY. Mr. President, I will take 15 seconds. Last year every reconciliation had at least a cut back in one of the four major protections. We want the Senate on record that we are all for those protections. We have had bipartisan support it in the past. We should not take a chance on it in the future.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 94, nays 6, as follows:

[Rollcall Vote No. 132 Leg.]

YEAS—94

Abraham	Ford	McConnell
Akaka	Frist	Mikulski
Ashcroft	Glenn	Moseley-Braun
Baucus	Gorton	Moynihan
Biden	Graham	Murkowski
Bingaman	Gramm	Murray
Bond	Grams	Nickles
Boxer	Grassley	Nunn
Bradley	Harkin	Pell
Breaux	Hatfield	Pressler
Bryan	Heflin	Pryor
Bumpers	Hollings	Reid
Burns	Hutchison	Robb
Byrd	Inhofe	Rockefeller
Campbell	Inouye	Roth
Chafee	Jeffords	Santorum
Coats	Johnston	Sarbanes
Cochran	Kassebaum	Shelby
Cohen	Kempthorne	Simon
Conrad	Kennedy	Simpson
Coverdell	Kerrey	Smith
Craig	Kerry	Snowe
D'Amato	Kohl	Specter
Daschle	Kyl	Stevens
DeWine	Lautenberg	Thomas
Dodd	Leahy	Thompson
Dole	Levin	Thurmond
Domenici	Lieberman	Warner
Dorgan	Lott	Wellstone
Exon	Lugar	Wyden
Feingold	Mack	
Feinstein	McCain	

NAYS—6

Bennett	Faircloth	Hatch
Brown	Gregg	Helms

The amendment (No. 3999) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4000

Mr. DOMENICI. Mr. President, I believe Senator KENNEDY's amendment is up now.

The PRESIDING OFFICER. The Senator from Massachusetts.

AMENDMENT NO. 4000, AS MODIFIED

Mr. KENNEDY. Mr. President, I intend to ask unanimous consent to modify the amendment. I send the modification, which I have shared with the Senator from New Mexico, to the desk.

The PRESIDING OFFICER. Is there objection? The Senator from New Mexico.

Mr. DOMENICI. I discussed it with him, is that what he said? "I shared it." He did not say I agreed to the unanimous consent.

Mr. KENNEDY. The Senator is, as always, accurate, in making the statement he has not agreed. I had hoped he might agree, as we agreed to the modification of Senator KYL, Senator LOTT, and Senator DOLE's amendment.

Mr. DOMENICI. And we may, indeed, have some others. I really have no objection.

Mr. KENNEDY. I thank the Senator.

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

The amendment (No. 4000), as modified, is as follows:

At the end of title III, insert the following:

SEC. . SENSE OF THE SENATE ON DAVIS-BACON.

Notwithstanding any provision of the committee report on this resolution, it is the sense of the Senate that the provisions in this resolution do not assume the repeal of the Davis-Bacon Act.

Mr. KENNEDY. Mr. President, the committee report says the budget resolution assumes the repeal of the Davis-Bacon Act which protects community wage standards for some 500,000 construction workers who work on Federal projects. This repeal means workers will be paid $4.6 billion less over the life of the budget. That is not fair. We should be attempting to lift workers' wages.

The PRESIDING OFFICER. The Senator will suspend. The Senate will come to order.

The Senator from Massachusetts.

Mr. KENNEDY. We should be lifting workers' wages, not reducing them. That is effectively what this amendment does. It ensures the Senate will go on record that this resolution does not assume the repeal of the Davis-Bacon Act.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 4030 TO AMENDMENT NO. 4000

(Purpose: To express the sense of the Congress that States should be allowed to require welfare recipients to stay drug-free as a condition for receiving welfare benefits from the taxpayers)

Mr. ASHCROFT. Mr. President, I have a second-degree amendment to amendment No. 4000. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 4030 to amendment No. 4000.

Strike all after the first word and insert the following—

Mr. EXON. Mr. President, point of order.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. FORD. Mr. President, I object.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Objection is heard. The clerk will read the amendment.

The assistant legislative clerk continued with the reading of the amendment, as follows:

Strike all after the first word and insert the following:

SENSE OF THE CONGRESS REGARDING REQUIREMENTS THAT WELFARE RECIPIENTS BE DRUG-FREE.

In recognition of the fact that American workers are required to be drug-free in the workplace, it is the sense of the Congress that this concurrent resolution on the budget assumes that the States may require welfare recipients to be drug-free as a condition for receiving such benefits and that random drug testing may be used to enforce such requirements.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, point of order. Is the Senator from Nebraska correct the amendment that has just been offered is not in order until time has been yielded back on the previous amendment, which I do not think was accomplished?

The PRESIDING OFFICER. The sponsor had yielded back his time, had concluded his time on the amendment.

Mr. KENNEDY. Is there time on the second-degree amendment?

Mr. DOMENICI. Mr. President, if there is any question, I yield back the 30 seconds that I had in opposition to Senator KENNEDY's first-degree amendment.

Mr. EXON. I think that clarifies it.

The PRESIDING OFFICER. The sponsor of the second-degree amendment has 30 seconds.

Mr. ASHCROFT. Mr. President, I believe it is an affront to the American people to adopt and support drug habits in individuals by virtue of subsidizing the welfare payments to those who continue on drugs. It should be an option of States to be able to drug test effectively and to condition the receipt of welfare payments on people becoming and remaining drug free.

I believe that we do not really help people as long as we finance them while they are involved in drugs. So, the sense of the Senate stated here is that the States should have the right and opportunity to condition participation of welfare recipients in programs based on their being drug free.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON. Mr. President, I yield 30 seconds to Senator KENNEDY.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 30 seconds.

Mr. KENNEDY. Mr. President, we all know what this is. The Senator could have offered his amendment as an initial amendment or a second degree to other amendments.

This is about working families. We are talking about construction workers who average $27,000 a year. All we are saying in this bill is we are not going to repeal Davis-Bacon. If we are going to do that, we ought to do it at other times.

This is about trying to maintain the existing standards which protect American workers out there, and the second degree amendment is a clear attempt to undermine the protection of those workers.

I hope that the amendment will be defeated.

Mr. ASHCROFT. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 4030, offered by the Senator from Missouri [Mr. ASHCROFT] to amendment No. 4000, as modified.

The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER (Mr. COATS). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 8, as follows:

[Rollcall Vote No. 133 Leg.]

YEAS—92

Abraham	Faircloth	McCain
Ashcroft	Feinstein	McConnell
Baucus	Ford	Mikulski
Bennett	Frist	Moseley-Braun
Biden	Glenn	Moynihan
Bingaman	Gorton	Murkowski
Bond	Graham	Murray
Boxer	Gramm	Nickles
Bradley	Grams	Nunn
Breaux	Grassley	Pell
Brown	Gregg	Pressler
Bryan	Harkin	Pryor
Bumpers	Hatch	Reid
Burns	Heflin	Robb
Byrd	Helms	Rockefeller
Campbell	Hutchison	Roth
Chafee	Inhofe	Santorum
Coats	Jeffords	Sarbanes
Cochran	Johnston	Shelby
Cohen	Kassebaum	Simpson
Conrad	Kempthorne	Smith
Coverdell	Kerry	Snowe
Craig	Kohl	Specter
D'Amato	Kyl	Stevens
Daschle	Lautenberg	Thomas
DeWine	Leahy	Thompson
Dodd	Levin	Thurmond
Dole	Lieberman	Warner
Domenici	Lott	Wellstone
Dorgan	Lugar	Wyden
Exon	Mack	

NAYS—8

Akaka	Hollings	Kerrey
Feingold	Inouye	Simon
Hatfield	Kennedy	

The amendment (No. 4030) was agreed to.

AMENDMENT NO. 4031 TO AMENDMENT NO. 4000

(Purpose: To protect the incomes of construction workers and their families and to express the sense of the Senate that the Davis-Bacon Act should not be repealed)

Mr. KENNEDY. Mr. President, I send a second-degree amendment to the desk and ask for its immediate consideration.

Mr. DOMENICI. I ask the Senator, will he yield for just an observation to the Senate? We have never come in within the time since we started this morning. We were just over again. We were over 8½ minutes when we gave everybody 15 minutes.

So there is nobody on this side that objects to the following, and I assume that Senator EXON will agree, starting with the next vote we are going to call for the regular order at the end of the 10 minutes. That is what we are allowed, 10 minutes. We are going to call for the regular order, if they are missing on our side or the other side, if it affects the vote or does not affect it. I just want everybody to know that.

I thank the Senator for yielding.

Mr. EXON. I clamor my approval.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] proposes amendment numbered 4031 to amendment No. 4000.

At the end of the amendment, add the following:

At the end of title III, insert the following:

SEC. . SENSE OF THE SENATE ON DAVIS-BACON.

Notwithstanding any provision of the committee report on this resolution, it is the sense of the Senate that the provisions in this resolution do not assume the repeal of the Davis-Bacon Act.

Mr. KENNEDY. Mr. President, this amendment is as clear as it could be. It is just to express the sense that there is nothing in this underlying resolution that is going to repeal, effectively, the Davis-Bacon provisions. I offer it as a second degree to the underlying amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I just urge my colleagues to vote to table the Kennedy amendment for a lot of reasons. The provisions that he is dealing with deals with Davis-Bacon, goes back to 1931, the Federal Government saying if you are doing Federal construction work, that the Department of Labor should set the labor rate, in many cases far in excess of what the prevailing wage really is in those areas.

It costs taxpayers in excess of $3 billion. Maybe it is a payoff for, I do not know, $35 million for campaigns or something. It does not belong. If you believe in free enterprise, if you believe in the marketplace setting labor rates, you should vote to table the Kennedy amendment. I move to table the Kennedy amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second to table? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on agreeing to the motion to lay on the table the amendment No. 4031. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 41, nays 59, as follows:

[Rollcall Vote No. 134 Leg.]

YEAS—41

Ashcroft	Gramm	McCain
Bennett	Grams	McConnell
Bond	Grassley	Nickles
Brown	Gregg	Nunn
Burns	Hatch	Pressler
Chafee	Helms	Roth
Cochran	Hutchison	Shelby
Cohen	Inhofe	Simpson
Coverdell	Kassebaum	Smith
Craig	Kempthorne	Thomas
Dole	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Lugar	Warner
Frist	Mack	

NAYS—59

Abraham	Feingold	Lieberman
Akaka	Feinstein	Mikulski
Baucus	Ford	Moseley-Braun
Biden	Glenn	Moynihan
Bingaman	Gorton	Murkowski
Boxer	Graham	Murray
Bradley	Harkin	Pell
Breaux	Hatfield	Pryor
Bryan	Heflin	Reid
Bumpers	Hollings	Robb
Byrd	Inouye	Rockefeller
Campbell	Jeffords	Santorum
Coats	Johnston	Sarbanes
Conrad	Kennedy	Simon
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Lautenberg	Wellstone
Dorgan	Leahy	Wyden
Exon	Levin	

The motion to lay on the table the amendment (No. 4031) was rejected.

Mr. KENNEDY. Madam President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Ms. SNOWE). The question is now on the second-degree amendment. The yeas and nays have been ordered.

Mr. DOMENICI. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DOMENICI. Madam President, we can adopt the amendment now.

The PRESIDING OFFICER. Is there objection to vitiating the yeas and nays?

Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment (No. 4031) was agreed to.

AMENDMENT NO. 4032 TO AMENDMENT NO. 4000

(Purpose: To reform the Davis-Bacon Act)

Mr. SANTORUM. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] proposes an amendment numbered 4032 to amendment No. 4000.

At the end of the pending amendment, insert the following:

SEC. . SENSE OF THE SENATE ON DAVIS-BACON.

Notwithstanding any provision of the committee report on this resolution, it is the sense of the Senate that the provisions in this resolution assume reform of the Davis-Bacon Act.

Mr. EXON. Madam President, I suggest that the amendment of the Senator from Pennsylvania, as I understand it, is not in order.

Mr. DOMENICI. It is a second-degree amendment to the Kennedy amendment. It is in order.

Mr. EXON. Is that the ruling of the Chair, that it is in order?

The PRESIDING OFFICER. The amendment submitted by the Senator from Pennsylvania is in order.

The Senator from Pennsylvania has 30 seconds.

Mr. SANTORUM. Madam President, we just voted on whether there should be repeal of Davis-Bacon. Many of us are not for repeal of that. We believe that there needs to be reform of the Davis-Bacon law and that we, in fact, should assume that for the purposes of the budget. I think there is bipartisan support for reform of Davis-Bacon. I wanted the Senate to go on record for that reform measure.

Mr. KENNEDY. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. KENNEDY. Madam President, may I have 15 seconds to comment?

The PRESIDING OFFICER. Yes.

Mr. KENNEDY. Madam President, I urge that all Members support this amendment and let us move ahead with the resolution.

Mr. SANTORUM. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 135 Leg.]

YEAS—99

Abraham	Feingold	Lugar
Akaka	Feinstein	Mack
Ashcroft	Ford	McCain
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Gramm	Murkowski
Boxer	Grams	Murray
Bradley	Grassley	Nickles
Breaux	Gregg	Nunn
Brown	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Hatfield	Pryor
Burns	Heflin	Reid
Byrd	Helms	Robb
Campbell	Hollings	Rockefeller
Chafee	Hutchison	Roth
Coats	Inhofe	Santorum
Cochran	Inouye	Sarbanes
Cohen	Jeffords	Shelby
Conrad	Johnston	Simon
Coverdell	Kempthorne	Simpson
Craig	Kennedy	Smith
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Kyl	Thomas
Dole	Lautenberg	Thompson
Domenici	Leahy	Thurmond
Dorgan	Levin	Warner
Exon	Lieberman	Wellstone
Faircloth	Lott	Wyden

NOT VOTING—1

Kassebaum

The amendment (No. 4032) was agreed to.

AMENDMENT NO. 4000

The PRESIDING OFFICER. The question now occurs on agreeing to the underlying amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I ask unanimous consent that the underlying amendment, No. 4000, as amended, be agreed to and the motion to reconsider be laid upon the table.

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

The amendment (No. 4000), as amended, was agreed to.

AMENDMENT NO. 4001

The PRESIDING OFFICER. The question now occurs on agreeing to amendment No. 4001 offered by the Senator from West Virginia.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Madam President, this budget resolution cuts discretionary budget authority over the next 6 years by $356 billion and outlays by $295 billion. My amendment adds $106 billion in budget authority and $65 billion in outlays to pay for programs like crime control, education, safer highways, aviation safety, drug treatment, environmental cleanup, and clean water. We pay for it by closing corporate loopholes and reducing tax expenditures which over the next 6 years will exceed $3 trillion.

I urge all Senators to support the amendment and cast a vote for an investment in America's future.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, it is with reluctance that I must oppose the Byrd amendment. This would increase taxes and spending by $65 billion. It would strike the budget resolution's reconciliation instruction with reference to taxes, and it would eliminate the firewall between defense and nondefense spending. I believe, on any of those counts, it should be defeated. When you put them all together, clearly it ought to be tabled.

Mr. BYRD. Madam President, I ask unanimous consent that the name of Mr. BINGAMAN be added as a cosponsor.

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

The question now occurs on agreeing to the amendment offered by the Senator from West Virginia.

Mr. DOMENICI. I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? It appears to be sufficiently seconded.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from West Virginia [Mr. BYRD]. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 61, nays 39, as follows:

[Rollcall Vote No. 136 Leg.]

YEAS—61

Abraham	Glenn	McCain
Ashcroft	Gorton	McConnell
Baucus	Graham	Murkowski
Bennett	Gramm	Nickles
Bond	Grams	Nunn
Brown	Grassley	Pressler
Burns	Gregg	Robb
Campbell	Hatch	Roth
Chafee	Heflin	Santorum
Coats	Helms	Shelby
Cochran	Hollings	Simpson
Cohen	Hutchison	Smith
Coverdell	Inhofe	Snowe
Craig	Kassebaum	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kerrey	Thomas
Dole	Kyl	Thompson
Domenici	Lieberman	Thurmond
Exon	Lott	Warner
Faircloth	Lugar	
Frist	Mack	

NAYS—39

Akaka	Feingold	Levin
Biden	Feinstein	Mikulski
Bingaman	Ford	Moseley-Braun
Boxer	Harkin	Moynihan
Bradley	Hatfield	Murray
Breaux	Inouye	Pell
Bryan	Jeffords	Pryor
Bumpers	Johnston	Reid
Byrd	Kennedy	Rockefeller
Conrad	Kerry	Sarbanes
Daschle	Kohl	Simon
Dodd	Lautenberg	Wellstone
Dorgan	Leahy	Wyden

The motion to lay on the table the amendment (No. 4001) was agreed to.

Mr. DOMENICI. Madam President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Mississippi.

AMENDMENT NO. 4002, AS FURTHER MODIFIED

Mr. LOTT. Madam President, I ask unanimous consent I be allowed to send to the desk a modification to amendment No. 4002. This modification is technical in nature.

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

The clerk will report.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT] proposes an amendment numbered 4002, as further modified.

Mr. LOTT. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title III, add the following new section:

SEC. . SENSE OF CONGRESS ON REIMBURSEMENT OF THE UNITED STATES FOR OPERATIONS SOUTHERN WATCH AND PROVIDE COMFORT.

(a) FINDINGS.—The Congress finds that—

(1) as of May 1996, the United States has spent $2,937,000,000 of United States taxpayer funds since the conclusion of the Gulf War in 1991 for the singular purpose of protecting the Kurdish and Shiite population from Iraqi aggression;

(2) the President's defense budget request for 1997 includes an additional $590,100,000 for Operations Southern Watch and Provide Comfort, both of which are designed to restrict Iraqi military aggression against the Kurdish and Shiite people of Iraq;

(3) costs for these military operations constitute part of the continued budget deficit of the United States; and

(4) United Nations Security Council Resolution 986 (1995) (referred to as "SCR 986") would allow Iraq to sell up to $1,000,000,000 in petroleum and petroleum products every 90 days, for an initial period of 180 days.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that the assumptions underlying the functional totals in this resolution assume that—

(1) the President should instruct the United States Permanent Representative to the United Nations to ensure any subsequent extension of authority beyond the 180 days originally provided by SCR 986, specifically mandates and authorizes the reimbursement of the United States for costs associated with Operations Southern Watch and Provide Comfort out of revenues generated by any sale of petroleum or petroleum-related products originating from Iraq;

(2) in the event that the United States Permanent Representative to the United Nations fails to modify the terms of any subsequent resolution extending the authority granted by SCR 986 as called for in paragraph (1), the President should reject any United Nations' action or resolution seeking to extend the terms of the oil sale beyond the 180 days authorized by SCR 986;

(3) the President should take the necessary steps to ensure that—

(A) any effort by the United Nations to temporarily lift the trade embargo for humanitarian purposes, specifically the sale of petroleum or petroleum products, restricts all revenues from such sale from being diverted to benefit the Iraqi military; and

(B) the temporary lifting of the trade embargo does not encourage other countries to take steps to begin promoting commercial relations with the Iraqi military in expectation that sanctions will be permanently lifted; and

(4) revenues reimbursed to the United States from the oil sale authorized by SCR 986, or any subsequent action or resolution, should be used to reduce the Federal budget deficit.

Mr. LOTT. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BYRD. Madam President, is someone going to explain the amendment?

Mr. EXON. We yield back the remainder our time.

Mr. LOTT. I would take 30 seconds to point out the amendment expresses the sense of the Senate that the Clinton administration should ensure an extension of U.N. Resolution 986, which mandates the reimbursement of the U.S. Department of Defense for the costs associated with Operations Southern Watch and Provide Comfort out of the revenues generated from the sale of Iraqi oil and other oil products.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Madam President, we have no objection.

I yield the time we have on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

Mr. EXON. Madam President, there may be someone who wishes to talk on this side I did not know about.

I yield 30 seconds to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Madam President, I thank my colleague and thank the Chair. I just wanted to rise to say, if this amendment was agreed to, it would circumvent some of our humanitarian programs. It would cause damage to the Kurdish minority in the country. I very much hope we could defeat this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi. The yeas and nays have been ordered. The Clerk will call the role.

The legislative clerk called the roll.

Mr. EXON. Madam President, I call for the regular order.

The result was announced—yeas 53, nays 47, as follows:

[Rollcall Vote No. 137 Leg.]

YEAS—53

Abraham	Faircloth	McCain
Ashcroft	Ford	McConnell
Baucus	Frist	Murkowski
Bennett	Gorton	Nickles
Bond	Graham	Pressler
Brown	Gramm	Roth
Bumpers	Grams	Santorum
Burns	Grassley	Shelby
Campbell	Gregg	Simpson
Coats	Hatch	Smith
Cochran	Heflin	Snowe
Cohen	Helms	Specter
Coverdell	Hutchison	Stevens
Craig	Inhofe	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Kyl	Thurmond
Dole	Lott	Warner
Domenici	Mack	

NAYS—47

Akaka	Glenn	Lugar
Biden	Harkin	Mikulski
Bingaman	Hatfield	Moseley-Braun
Boxer	Hollings	Moynihan
Bradley	Inouye	Murray
Breaux	Jeffords	Nunn
Bryan	Johnston	Pell
Byrd	Kassebaum	Pryor
Chafee	Kennedy	Reid
Conrad	Kerrey	Robb
Daschle	Kerry	Rockefeller
Dodd	Kohl	Sarbanes
Dorgan	Lautenberg	Simon
Exon	Leahy	Wellstone
Feingold	Levin	Wyden
Feinstein	Lieberman	

The amendment (No. 4002), as further modified, was agreed to.

Mr. DOMENICI. Madam President, the reason that I did not call for the regular order is because one of our Senators was present. He was here for about 5 or 6 minutes. He must have assumed he voted, and he left. Maybe he did vote and we did not get it recorded. We got him? All right. I am sorry.

I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4003

The PRESIDING OFFICER. The question now occurs on amendment No. 4003 offered by the Senator from Wyoming.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Madam President, this amendment simply notes that there are a number of indices that the Government uses to measure inflation and that we should strive to use the most accurate one that is possible. We have heard discussion of the CPI. There is another one called the chain-weighted GDP index.

There are all sorts of ways to go. This just says, let us pick the most accurate one and get on with the business of then protecting the budget of the United States to get a handle on the correct and most accurate method of indices of measuring inflation or deflation or deflators or whatever we are using in this great complex formulae world.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Madam President, I supported this when it was offered a few days ago by the Senator from Wyoming. As I understand the amendment, it in effect urges the Government to use the most accurate inflation index available. That is pure and simple. We have no objection from this side and have heard of no objection from that side. I am wondering, since it seems to have universal support, if we could save some time by voice voting this, if we could have the approval of that from the Senator from Wyoming.

Mr. SIMPSON. Madam President, I was hoping to follow that precedent, but I see that others have failed to do so. And I thought if I could take 10 more minutes, we could get a vote which would show that indeed we must be about our business. If we were to use the chain-weighted GDP index, that would get you a .4 reduction in things. That is what both CBO and OMB use. I just want to get that vote, if I could.

Mr. EXON. The Senator has that right.

Mr. SIMPSON. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 4003. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 138 Leg.]

YEAS—100

Abraham	Feinstein	Mack
Akaka	Ford	McCain
Ashcroft	Frist	McConnell
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Bradley	Gregg	Nunn
Breaux	Harkin	Pell
Brown	Hatch	Pressler
Bryan	Hatfield	Pryor
Bumpers	Heflin	Reid
Burns	Helms	Robb
Byrd	Hollings	Rockefeller
Campbell	Hutchison	Roth
Chafee	Inhofe	Santorum
Coats	Inouye	Sarbanes
Cochran	Jeffords	Shelby
Cohen	Johnston	Simon
Conrad	Kassebaum	Simpson
Coverdell	Kempthorne	Smith
Craig	Kennedy	Snowe
D'Amato	Kerrey	Specter
Daschle	Kerry	Stevens
DeWine	Kohl	Thomas
Dodd	Kyl	Thompson
Dole	Lautenberg	Thurmond
Domenici	Leahy	Warner
Dorgan	Levin	Wellstone
Exon	Lieberman	Wyden
Faircloth	Lott	
Feingold	Lugar	

The amendment (No. 4003) was agreed to.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senator COVERDELL be added as a cosponsor of Senator KYL's amendment No. 3995.

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

AMENDMENT NO. 4007

The PRESIDING OFFICER. The question occurs on amendment No. 4007, offered by the Senator from Florida [Mr. GRAHAM].

The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, this amendment deals with two important issues. One is preserving the integrity of the Medicare trust fund, and, second, an effective assault against Medicare fraud. It provides that any funds that are derived by suppression of Medicare fraud will go back into the trust fund from which that fraud caused adverse effect. It would not be available for any other spending purposes.

Mr. President, I urge adoption of this amendment, which I think is both a statement of our commitment to suppressing Medicare fraud, protecting the Medicare trust fund, and balancing the Federal budget.

Mr. DOMENICI. Mr. President, I think the Senator knows I am going to do this.

The Graham amendment is not germane to the provisions of the budget resolution. I therefore raise a point of order against the amendment under section 305(b)(2) of the Budget Act.

Mr. GRAHAM. Mr. President, anticipating this point of order, I would like to point out to my colleagues that on page 53 of the budget resolution before us, beginning at line 12, is almost in the same verbatim form, a point of order, except that point of order does not go to the reconciliation bill, which amendment 4007 does, but rather goes to the appropriations bills.

If my amendment is considered to be nongermane, clearly, this provision is nongermane. I also point out that in the last budget resolution for fiscal year 1996 there were two provisions, which contained point of order enforcement of provisions within the budget reconciliation.

So, Mr. President, we await the Chair's ruling, which I hope will be a finding that this is not a valid point of order on the Budget Act.

Mr. EXON. Mr. President, the proper order at the present time is this: I move to waive the provisions of the Budget Act for the consideration of the Graham amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I hope the Senators will deny this motion. This actually violates the Budget Act. This is a matter that is not even within the jurisdiction of the Budget Committee. This is a piece of legislation directing the treatment of savings of an entitlement in a future reconciliation

bill. We have no authority to do it. We ought not be doing it here. I am not trying to treat one different than the other. The same ruling was held in committee on four attempts to do the same thing in the committee as we marked up the bill.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive.

The yeas and nays have been ordered, and the clerk will call the roll.

Mr. EXON. Mr. President, I call for the regular order.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 44, nays 56, as follows:

[Rollcall Vote No. 139 Leg.]

YEAS—44

Akaka	Ford	Mikulski
Baucus	Glenn	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Harkin	Murray
Boxer	Hollings	Nunn
Bradley	Inouye	Pell
Breaux	Johnston	Pryor
Bryan	Kennedy	Reid
Bumpers	Kerrey	Robb
Conrad	Kerry	Rockefeller
Daschle	Kohl	Sarbanes
Dodd	Lautenberg	Simon
Dorgan	Leahy	Wellstone
Exon	Levin	Wyden
Feinstein	Lieberman	

NAYS—56

Abraham	Feingold	Mack
Ashcroft	Frist	McCain
Bennett	Gorton	McConnell
Bond	Gramm	Murkowski
Brown	Grams	Nickles
Burns	Grassley	Pressler
Byrd	Gregg	Roth
Campbell	Hatch	Santorum
Chafee	Hatfield	Shelby
Coats	Heflin	Simpson
Cochran	Helms	Smith
Cohen	Hutchison	Snowe
Coverdell	Inhofe	Specter
Craig	Jeffords	Stevens
D'Amato	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dole	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	

The PRESIDING OFFICER. On this vote, the yeas are 44, the nays are 56. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is not agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The point of order is sustained.

The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I want to make an announcement. A while ago in kind of a frenzy I said we were going to work right on through this spousal banquet tonight, and I must tell you I have had more Senators concerned about this banquet than anything else we have done. I surmise that the wives have been watching on television. I know Senator HOLLINGS told me that his wife called already, and she was kind of upset because she said Senator DOMENICI said that his wife did not even care about this event, and I just want to say to his wife Peatsy, I overstated my wife's position. My wife will be thrilled to be there tonight, and I really would ask that my previous comments, unless you object, be stricken from the RECORD.

Mrs. BOXER. Reserving the right to object. Reserving the right to object.

Mr. EXON. Will the Senator yield?

Mr. DOMENICI. I yield.

Mr. EXON. Does the Senator's wife vote in New Mexico?

Mr. DOMENICI. My wife voted in New Mexico, and she is still going to vote for me in spite of what I said.

I thank the Senate.

AMENDMENT NO. 4008

The PRESIDING OFFICER. The question now occurs on agreeing to amendment No. 4008 offered by the Senator from Missouri [Mr. ASHCROFT].

The Senator from Missouri is recognized for 30 seconds.

Mr. ASHCROFT. Mr. President, this amendment would eliminate an unfair tax on a tax paid by American workers. Every American worker pays Social Security taxes, but only after he or she has already paid taxes on that money. This is an unfair disparity. The corporations which pay the other half of that tax do not pay a tax on a tax. They get a deduction.

Further, this amendment would promote and stimulate growth. The growth would be substantial—500,000 new jobs in the economy. It is a job-producing amendment that provides middle-class tax relief in a way that no other proposal does. I urge its adoption by the Senate.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. The budget resolution already has $122 billion plus in tax cuts, and the chairman of the Budget Committee on the House side says it is $182 billion. If you add the tax cuts that are being suggested by this particular amendment, it is $276 billion on top of what they are already suggesting, whatever that is.

This amendment will more than triple an already unwise and unwarranted tax cut in this budget. It slashes discretionary spending by an additional $217 billion and adds over $75 billion in unspecified mandatory savings. We will never balance the budget if we are unable to control our urge to provide tax cuts in an election year. I urge Senators to vote against this budget-busting proposal that has, as far as I know, the support of none of the committees.

Mr. DOMENICI. I ask for the yeas and nays, Senator.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 43, nays 57, as follows:

[Rollcall Vote No. 140 Leg.]

YEAS—43

Abraham	Frist	McCain
Ashcroft	Gramm	McConnell
Baucus	Grams	Murkowski
Biden	Grassley	Nickles
Brown	Hatch	Pressler
Burns	Heflin	Roth
Campbell	Helms	Santorum
Coats	Hutchison	Shelby
Cochran	Inhofe	Smith
Coverdell	Jeffords	Thomas
Craig	Kempthorne	Thompson
D'Amato	Kyl	Thurmond
DeWine	Lott	Warner
Dole	Lugar	
Faircloth	Mack	

NAYS—57

Akaka	Feinstein	Lieberman
Bennett	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Bond	Gorton	Moynihan
Boxer	Graham	Murray
Bradley	Gregg	Nunn
Breaux	Harkin	Pell
Bryan	Hatfield	Pryor
Bumpers	Hollings	Reid
Byrd	Inouye	Robb
Chafee	Johnston	Rockefeller
Cohen	Kassebaum	Sarbanes
Conrad	Kennedy	Simon
Daschle	Kerrey	Simpson
Dodd	Kerry	Snowe
Domenici	Kohl	Specter
Dorgan	Lautenberg	Stevens
Exon	Leahy	Wellstone
Feingold	Levin	Wyden

The amendment (No. 4008) was rejected.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4009

The PRESIDING OFFICER. The Senate will please come to order. The question now occurs on amendment No. 4009, offered by the Senator from Texas [Mr. GRAMM].

The Senator is recognized for 30 seconds.

Mr. GRAMM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAMM. Mr. President, this is a very simple amendment. In 1993, the President argued that he did not raise income taxes on anyone who was not rich. On its face, that is not valid. As I demonstrated in the debate on the floor of the Senate, the 1994 IRS 1040 form and its explanation show that the 1993 tax increase raised income taxes on the Social Security benefits of people who make $34,000 or more, counting half of their Social Security benefit. It seems to me that by no stretch of the imagination can these people be called rich.

What I do in the amendment is call on the President to work with us to come up with a way of repealing this tax and at the same time working together to protect Social Security and

Medicare. This is an eminently reasonable amendment. I hope we will get a unanimous vote.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I noted with interest the comment the Senator from Texas made. We just debated it a day or so ago. The provisions of the 1993 act that have been roundly criticized and are again being criticized now, raised taxes on only the top 13 percent—the top 13 percent—of retirees. By contrast, the 1983 Reagan tax increase, which was the first tax increase that ever addressed taxation of any kind on Social Security, was supported by the sponsor of this amendment. I simply say that will raise taxes for 22 percent of the retirees. This amendment would cost over $33 billion.

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

AMENDMENT NO. 4033 TO AMENDMENT NO. 4009

Mr. EXON. Mr. President, I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Nebraska [Mr. EXON] proposes an amendment numbered 4033 to amendment No. 4009.

Mr. EXON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

Strike all after "SEC." and insert the following:

. SENSE OF THE SENATE ON SOLVENCY OF THE MEDICARE TRUST FUND.

(a) FINDINGS.—The Senate finds that repeal of certain provisions from the Omnibus Budget Reconciliation Act of 1993 would move the insolvency date of the HI (Medicare) Trust Fund forward by a full year.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that no provisions in this Budget Resolution should worsen the solvency of the Medicare Trust Fund.

Mr. EXON. Mr. President, I will take my 30 seconds to explain this amendment.

The Congressional Budget Office estimates that repeal of the 1993 change, as proposed in the Gramm amendment, will move the insolvency date of the Medicare trust fund forward a full year. It is astonishing to me that the same Senators who claim to be concerned, even alarmed sometimes, about the solvency of the Medicare trust fund would sponsor legislation that will have the opposite effect.

The second-degree amendment, thereby, assures that no action therein, as a part of that act, should worsen the solvency of the Medicare trust fund.

The PRESIDING OFFICER. The Senator from Texas is recognized for 30 seconds.

Mr. GRAMM. Mr. President, parliamentary inquiry. Does this amendment simply add to mine, or does it substitute for the language of my amendment?

The PRESIDING OFFICER. The Chair will examine the amendment and make a ruling in just a moment.

Mr. EXON. What the amendment does, simply said, is we can do nothing in these considerations that will further weaken or hurt the trust fund. That is basically what it does. The amendment of the Senator from Texas hurts the solvency of the fund. This amendment corrects that.

The PRESIDING OFFICER. The Senator from Texas is advised that it strikes all words after the first word and replaces it.

Mr. GRAMM. Mr. President, I am simply going to offer my amendment as a second-degree amendment to all the other amendments that come up until we vote on it. Now, if the Senator would like to add his language to mine, I made it very clear in my sense-of-the-Senate resolution that we wanted to work with the President to repeal the Social Security tax in such a way as to protect Medicare. If he wants to add his amendment to mine, I will support it, we will adopt it, and that will be the end of it.

Mr. EXON. I will simply say that I ask for the yeas and nays on my amendment as offered.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. THOMPSON). The question is on agreeing to amendment No. 4033, offered by the Senator from Nebraska, Mr. EXON. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 141 Leg.]

YEAS—100

Abraham	Dole	Kempthorne
Akaka	Domenici	Kennedy
Ashcroft	Dorgan	Kerrey
Baucus	Exon	Kerry
Bennett	Faircloth	Kohl
Biden	Feingold	Kyl
Bingaman	Feinstein	Lautenberg
Bond	Ford	Leahy
Boxer	Frist	Levin
Bradley	Glenn	Lieberman
Breaux	Gorton	Lott
Brown	Graham	Lugar
Bryan	Gramm	Mack
Bumpers	Grams	McCain
Burns	Grassley	McConnell
Byrd	Gregg	Mikulski
Campbell	Harkin	Moseley-Braun
Chafee	Hatch	Moynihan
Coats	Hatfield	Murkowski
Cochran	Heflin	Murray
Cohen	Helms	Nickles
Conrad	Hollings	Nunn
Coverdell	Hutchison	Pell
Craig	Inhofe	Pressler
D'Amato	Inouye	Pryor
Daschle	Jeffords	Reid
DeWine	Johnston	Robb
Dodd	Kassebaum	Rockefeller
Roth	Smith	Thurmond
Santorum	Snowe	Warner
Sarbanes	Specter	Wellstone
Shelby	Stevens	Wyden
Simon	Thomas	
Simpson	Thompson	

The amendment (No. 4033) was agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

AMENDMENT NO. 4034 TO AMENDMENT NO. 4009

(Purpose: To express the Sense of the Congress that the 1993 income tax increase on Social Security benefits should be repealed)

Mr. DOMENICI. Mr. President, I send a second-degree amendment on behalf of Senator GRAMM of Texas to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] for Mr. GRAMM proposes amendment numbered 4034 to amendment No. 4009.

Mr. GRAMM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the amendment, add the following:

SEC. . SENSE OF THE CONGRESS THAT THE 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS SHOULD BE REPEALED.

(a) FINDINGS.—Congress finds that the assumptions underlying this resolution include that—

(1) the Fiscal Year 1994 budget proposal of President Clinton to raise federal income taxes on the Social Security benefits of senior citizens with income as low as $25,000, and those provisions of the Fiscal Year 1994 recommendations of the Budget Resolution and the 1993 Omnibus Budget Reconciliation Act in which the 103rd Congress voted to raise federal income taxes on Social Security benefits of senior citizens with income as low as $34,000 should be repealed;

(2) that the Senate Budget Resolution should reflect President Clinton's statement that he believed he raised federal taxes too much in 1993; and

(3) that the Budget Resolution should react to President Clinton's Fiscal Year 1997 budget which documents the fact that in the history of the United States, the total tax burden has never been greater than it is today, therefore

—It is the Sense of the Congress that the assumptions underlying this Resolution include—

(1) that raising federal income taxes in 1993 on the Social Security benefits of middle-class individuals with income as low as $34,000 was a mistake;

(2) that the federal income tax hike on Social Security benefits imposed in 1993 by the 103rd Congress and signed into law by President Clinton should be repealed; and

(3) President Clinton should work with the Congress to repeal the 1993 federal income tax hike on Social Security benefits in a manner that would not adversely affect the Social Security Trust Fund or the Medicare Part A Trust Fund, and should ensure that

such repeal is coupled with offsetting reductions in federal spending.

Mr. GRAMM. Mr. President, I can save the Senate time. This is the same amendment we had pending a moment ago. What the amendment says is that it was a mistake to impose a confiscatory tax on Social Security recipients that earn $34,000 a year when you count half of their Social Security benefits. It simply calls on the President to work with us to repeal that tax.

We already had in the amendment the provision saying that it is the sense of the Senate that we do it in a way that would not adversely affect the Social Security trust fund or Medicare. The Senator from Nebraska added a sense of the Senate resolution saying that nothing we do should adversely affect Medicare. I do not strike that provision. In fact, I voted for it. But I want this Senate to go on record that it was a mistake to raise taxes on Social Security beneficiaries.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I simply point out that this amendment will cost over $33 billion and does not say how we will pay for it. Another way of saying that is that this is a political amendment to make a political statement without saying how we are going to pay for this kind of reduction in revenue. I yield back the balance of my time.

Mr. GRAMM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 4034. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from West Virginia [Mr. ROCKEFELLER] and the Senator from Alabama [Mr. HEFLIN] are necessarily absent.

The result was announced—yeas 50, nays 48, as follows:

[Rollcall Vote No. 142 Leg.]

YEAS—50

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Grassley	Pressler
Bryan	Gregg	Roth
Burns	Hatch	Santorum
Campbell	Hatfield	Shelby
Coats	Helms	Smith
Cochran	Hutchison	Snowe
Coverdell	Inhofe	Specter
Craig	Jeffords	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	

NAYS—48

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Hollings	Nunn
Bumpers	Inouye	Pell
Byrd	Johnston	Pryor
Chafee	Kassebaum	Reid
Cohen	Kennedy	Robb
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Simpson
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden

NOT VOTING—2

Heflin	Rockefeller

The amendment (No. 4034) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4009

The PRESIDING OFFICER. The question is on the underlying amendment, as amended. The yeas and nays have been ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the yeas and nays be vitiated.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. EXON. Mr. President, most of us cannot possibly hear what is going on. I cannot hear my friend from the chair very well. Would the Chair please repeat the request?

The PRESIDING OFFICER. The yeas and nays having been vitiated, the question is on the underlying amendment, as amended.

Without objection, the amendment is agreed to.

The amendment (No. 4009), as amended, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, first, might I say that some Members have gotten ourselves in trouble because we were planning to meet while our spouses were having dinner. We have canceled that radical idea. I want everybody to know we are going to go out at 5:30 because a number of Senators want, for some reason, to get ready for this event.

Mr. EXON. May I ask that the Senator not include we in that statement, just to clarify the record.

Mr. DOMENICI. I did that on purpose. I did not think anybody would object.

One of the chairmen asked me to make an announcement, if I may have 30 seconds. Senator BOND asked that I announce that the Small Business Committee will hold a short meeting to dispose of two business matters that the committee is aware of in room S-214 at approximately 4:40, which would probably be after the next vote. In any event, it will be around that time. I do not think unanimous consent is required. This is permitted. Is that satisfactory?

Mr. BOND. Yes, it is in the Vice President's office.

AMENDMENT NO. 4019, AS MODIFIED

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of the Dole amendment No. 4019. I have cleared this both with Senator EXON and the minority leader.

Mr. EXON. That is true. When the 30 seconds on the Dole amendment comes up on our side, I will yield 15 seconds to the two Senators from California, in any order they choose.

The PRESIDING OFFICER. Without objection, it is so ordered. The pending question is amendment No. 4019.

Mr. DOMENICI. Mr. President, I call up Senator DOLE's amendment No. 4019, as modified.

The PRESIDING OFFICER. The amendment is pending.

The Senator from California [Mrs. BOXER] is recognized.

Mrs. BOXER. Mr. President, an L.A. Times newsstory gave rise to this amendment. I think a report by the AG is in order. I will vote "yes." I think that report will show vigorous support of law enforcement. I thank Senators DOMENICI and DOLE for deleting certain provisions.

I yield to Senator FEINSTEIN.

Mrs. FEINSTEIN. Mr. President, I echo the statement of my colleague, Senator BOXER, and only add to it that in a discussion with an editor of the Los Angeles Times on this matter yesterday, I think there is conflicting data as to whether there are certain guidelines or thresholds below which there is not prosecution. I believe this needs to be cleared up.

I thank the majority leader and Senator DOMENICI for their understanding in this matter. I think it is important that there be an investigation on what prosecutorial guidelines, thresholds, any other provisions for prosecution of across border crime there may be.

I thank the Chair.

Mr. DOMENICI. Mr. President, the Dole amendment expresses the sense of the Senate that the Attorney General should investigate whether drug smugglers are avoiding prosecution in the United States because of the policies of the Department of Justice and report to the chairman of the House and Senate Judiciary Committees on that matter within 30 days.

The amendment also expresses the sense of the Senate that the Attorney General should change the policy in order to ensure the vigorous prosecution of drug smugglers and direct all

U.S. attorneys to vigorously prosecute them.

That is Senator DOLE's interpretation of his amendment.

I yield the floor.

I ask for the yeas and nays on the Dole amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. I ask unanimous consent that Senator COVERDELL be added as a cosponsor.

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

Mrs. BOXER. Mr. President, I voted for the amendment offered by the majority leader on the subject of drug prosecutions in the Southern District of California, but I wish to take a moment to clarify any misperceptions that the amendment may have prompted. Some have implied that the U.S. attorney for the Southern District of California is weak on drug prosecutions. This implication is false and unfair.

The facts are that the U.S. attorney's aggressive policies have led to more drug prosecutions, more prosecutions of border drug smugglers, more criminal alien prosecutions, and more alien smuggling prosecutions. This is a record to be proud of.

Let us take a look at the facts. Total prosecutions by the U.S. attorney have more than doubled over the past 5 years. Let me say that again, the U.S. attorney is prosecuting more than twice as many felonies as his predecessor.

The U.S. attorney initiated a formal cooperative agreement on drug prosecutions with the San Diego District Attorney. In the past, the DA did not prosecute border-related drug cases at all. Last year, the local DA prosecuted more than 1,000. As a result of this unprecedented Federal-county cooperation, total border-related drug prosecutions have more than tripled over the past 5 years.

This cooperative Federal-county relationship is credited by the San Diego District Attorney with making a positive impact on San Diego's overall crime rate.

In January 1995, the U.S. attorney revised its criminal alien prosecution guidelines for the first time in more than 10 years. As a result, 1,334 criminal aliens were prosecuted in 1995, compared to only 179 in 1992—a 745 increase.

The U.S. attorney has led a major effort to prosecute alien smugglers. Nearly three times as many alien smugglers were prosecuted in 1995 as were prosecuted in 1994. And more will be prosecuted in 1996 than last year.

The Dole amendment implies that the U.S. attorney refuses to prosecute cases involving less than 125 pounds of marijuana. This is absolutely false. In fact, of the 184 felony marijuana cases prosecuted this year, 50 percent involve less than 125 pounds.

I ask unanimous consent that additional material detailing the U.S. attorney's record be printed in the RECORD.

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

OFFICE OF THE ATTORNEY GENERAL,
Washington, DC, May 21, 1996.

Hon. ORRIN G. HATCH,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This responds to your letter of May 14, 1996, concerning a recent Los Angeles Times article on the drug prosecution policies in the Southern District of California. That article provided an incomplete and inaccurate picture of felony drug prosecutions in the Southern District.

The most serious inaccuracy in the L.A. Times article is the suggestion that the United States Attorney's Office ("USAO") is ignoring narcotics cases involving less than a predetermined quantity of drugs. The United States Attorney, in conjunction with the San Diego County District Attorney, pursues all drug cases on the border in which prosecutors believe charges are warranted, regardless of the quantity of drugs involved.

Upon taking office in November 1993, United States Attorney Bersin revised the Southern District's prosecution policies in order to make more effective use of sanctions available under the immigration laws. Those revisions have resulted in a 58 percent increase in the total number of felony prosecutions brought by the USAO from 1993 to 1995.

Prior to the change in policy, the USAO retained jurisdiction over every defendant arrested for illegal activity at the border, regardless of the seriousness of the offense. As a result of the volume of cases, the USAO treated as misdemeanor possession cases many drug cases that could have been prosecuted as felonies based on the quantities of controlled substance seized.

United States Attorney Bersin worked with the District Attorney to change that system. They agreed that the District Attorney would prosecute border-related cases with a San Diego nexus (i.e., the defendant is a resident of or the car is registered in San Diego, or the drugs are destined for San Diego). The District Attorney now prosecutors as felonies many border-related drug cases that would have been brought by the USAO as misdemenaors, if at all, prior to 1994.

As a result of this agreement, the number of federal felony drug prosecutions, combined with the District Attorney's felony border drug prosecutions, rose from 764 in 1994 to 1,406 in 1995. The agreement has also permitted the United States Attorney's Office to redirect prosecutorial resources from minor drug cases to major narcotics investigations such as those arising from the Department's Southwest Border Initiative. Moreover, the increase in felony dispositions—followed inevitably by deportation—has made more defendants eligible for prosecution under the stiff provisions of 8 U.S.C. §1326 should they reenter illegally. During 1995, the USAO prosecuted 1,334 such criminal aliens, more than were prosecuted during the entire nine years prior to 1994.

Nor was the L.A. Times correct that the USAO automatically declines cases involving less than 125 pounds of marijuana. In the first four months of this year, fully half (92 out of 184) of the felony drug cases filed by the USAO were in that category. More important, most of the 2,000 cases referred to the District Attorney since 1994 involved less than 125 pounds of marijuana.

There are certain cases in which USAO declines prosecution in favor of immigration proceedings. Where proof of knowledge and criminal intent is lacking, and where the defendant is not a U.S. citizen, has no criminal record, has little or no information about organized drug smuggling, and is found with less than 125 pounds of marijuana, prosecution is deferred and the case is sent to the Immigration Court for an exclusion hearing. All five factors must be present to warrant deferral.

At the time of such deferral, the alien's immigration green card or border crossing card is confiscated, he is ejected from the country, and after a hearing can be formally excluded. Under the previous policy, when these cases were prosecuted as misdemeanors, green cards were not confiscated. Moreover, a person who has been excluded, and who reenters the United States with illegal drugs within five years, may be prosecuted for both the new and prior drug offenses.

Contrary to the assertion in the L.A. Times article, the policy of deferring prosecution of certain cases is not a "free pass" for those who transport less than 125 pounds of marijuana. Seizure of a green card or border crossing card is a serious and immediate sanction and has a far greater effect on drug trafficking than misdemeanor prosecution. Indeed, Peter Nunez, who served as United States Attorney under President Reagan and as the Assistant Secretary of Treasury for Enforcement, has endorsed the use of exclusion proceedings. Former Bush Administration U.S. Attorney William Braniff expressed similar views, as reported in the L.A. Times on May 18, 1996:

"If I had the option that [U.S. Attorney Bersin] has today of immediately ejecting and taking the green card, I would have used that rather than misdemeanor prosecutions. * * * I think in most cases it is a greater deterrent * * *"

Finally, the L.A. Times article mischaracterized the eight specific cases that it cited as examples of the U.S. Attorney's Office's purportedly lax prosecution policy. Based on available information, felony charges were, in fact, filed in four of the eight cases. Three of those defendants are in custody; the fourth is a federal fugitive. Of the remaining four cases, the San Diego District Attorney declined to prosecute one because of insufficient evidence to support criminal charges; two were declined by the USAO on the same ground. In the eighth case, prosecution was delayed as the government attempted to secure the cooperation of the suspect. That failed and investigation of the case continues.

In sum, the primary implication of the L.A. Times article is misleading and the case-related facts are largely inaccurate. The United States Attorney for the Southern District of California and the District Attorney for San Diego County have vigorously prosecuted drug smugglers at our borders and their efforts should serve as a model for cooperation between law enforcement agencies at the federal and state levels. A careful and responsible analysis of the District's prosecution policies and case statistics can lead to no other conclusion.

If I can be of further assistance on this matter, please do not hesitate to contact me.

Sincerely,

JANET RENO.

THE DISTRICT ATTORNEY,
COUNTY OF SAN DIEGO,
San Diego, CA, May 15, 1996.

Attorney General JANET RENO,
Main Justice Building, Washington, DC.

DEAR MS. RENO: A recent Los Angeles Times article suggested that drug smugglers crossing the border into California are not being prosecuted. Specifically, it was claimed that criminals who smuggle less than 125 pounds at the border are not charged. Since my office files over 160 marijuana border drug cases every month, I want to correct any misapprehension on this point.

Here are the facts:

1. The San Diego District Attorney's Office prosecutes border drug cases referred to us by the federal government. This is part of a cooperative effort between the U.S. Attorney and local law enforcement to control border crime. Since 1994 this office has prosecuted approximately 2000 of these cases.

2. There is no "weight limit" on these cases. The notion that the only marijuana smuggling cases prosecuted are over 125 pounds is false. In fact, the average weight is 901 pounds and of the 180 cases currently pending all but 25 of them involve less than 125 pounds. I should note that some cases referred to my office are declined. That percentage (about 23 percent) is consistent with the rejection rate for cases generally and is based solely on the sufficiency of evidence. Those cases that are rejected are still handled by the immigration court.

3. Border drug cases are prosecuted successfully. Of the cases referred to our office 85% have been convicted, 9% are pending, and 6% failed to appear for court. There have been no acquittals.

Finally, I will note that the success of this cooperative effort has freed resources for major narcotic investigations and has made a positive impact on San Diego's overall crime rate.

I am attaching our current list of pending border drug cases which includes by name, date and offense the border drug cases currently being prosecuted. The report should dispel any false impressions about border drug prosecutions. The cases are prosecuted—routinely and successfully.

Very truly yours,

PAUL J. PFINGST,
District Attorney.

DEPARTMENT OF THE TREASURY,
U.S. CUSTOMS SERVICE,
San Diego, CA, May 17, 1996.

STATEMENT OF P. JEFFREY CASEY, DEPUTY SPECIAL AGENT IN CHARGE, U.S. CUSTOMS OFFICE OF INVESTIGATIONS

The quote attributed to me in the May 12, 1996, Los Angeles Times article concerning border drug prosecutions is inaccurate. My "quote" was made in the context of describing *one* component of a *three* tiered prosecution system in place here in San Diego.

I explained to Mr. Reza the three mechanisms in place to prosecute Port of Entry Border drug smugglers apprehended in San Diego County. I told Mr. Reza that one mechanism is Federal prosecution, a second mechanism is County prosecution and the third mechanism is deferred prosecution which is used in those cases where there is insufficient evidence to establish criminal knowledge and intent.

The assertion that cases involving 125 pounds of marijuana or less are not prosecuted in San Diego is false. I never made any such statement, nor could I since our U.S. Customs Special Agents present literally hundreds of such cases annually for prosecution as the County and Federal level.

P. JEFFREY CASEY.

Mr. HELMS. Mr. President, last week the distinguished majority leader, Mr. DOLE, reacted with justifiable indignation to a May 12 Los Angeles Times report indicating that the Clinton-appointed U.S. attorney in San Diego is failing to prosecute some of the drug smugglers detected and reported to him. In fact, more than 1,000 suspected traffickers have been sent back to Mexico since 1994 with scarcely more than a slap on the wrist—if that.

The U.S. attorney's office in San Diego reportedly has virtually discontinued filing charges or prosecuting drug smugglers. Instead they are merely deported. The Los Angeles paper estimates that 25 percent of all detected drug smugglers in the southern district of California are sent back to Mexico where they are free to renew attempts to smuggle drugs into the United States.

Senator DOLE'S concerns are well-founded, Mr. President: Consider these cases: Two U.S. citizens were arrested when found to have 150 pounds of marijuana, in their possession. Another had 386 pounds. All three were released without jail or prosecution.

Two Mexican women, transporting 24 pounds of marijuana and 32 pounds of narcotics across the border to California, were handed tickets back across the border, where they no doubt reloaded for another trip to California.

Customs inspectors are working hard on the borders, but hundreds of traffickers are avoiding prosecution. One Customs inspector told the Los Angeles Times: "Lack of enforcement is not because inspectors are not trying. It's because of the policy coming from upstairs."

Mr. President, the pending sense of the Senate amendment calls on the U.S. Attorney General to investigate this situation immediately and report promptly to the respective chairmen of the Judiciary Committees of the House and Senate.

International drug trafficking is fundamentally a matter of national security, Mr. President. The drug trade is one of the gravest threats to the security of U.S. today. Smugglers are crossing our southern borders with impunity, selling illicit drugs in our communities and poisoning our children. Senator DOLE refers to these drug smuggling thugs as "merchants of death." The distinguished Senator has that right—and the problem is getting worse by the day.

There's been a resurgence in illegal drug usage among our youth. Since 1992, the number of high school seniors using drugs on a monthly basis has jumped 52 percent. And during the current administration, the price of illegal drugs have fallen significantly, suggesting that the flow and the availability of illegal drugs are increasing.

The Clinton administration's record on illicit drug use has been described by a Senate Judiciary Committee report as "benign neglect." It is worse than that—it is an abdication of duty.

The Administrative Office of the U.S. Courts states that there was a 12 percent decline in drug prosecutions between 1992 and 1994. Furthermore, the Clinton administration's budget request for fiscal year 1995 would have resulted in a cut of 621 drug enforcement positions from the Drug Enforcement Agency, the Federal Bureau of Investigation, and other Federal agencies. Fortunately, Congress restored many of these proposed cuts in law enforcement manpower.

At a time when drug use is skyrocketing, there should be an urgent increase in aggressive prosecution of the criminals who transport illicit drugs across our borders. This is a national problem, Mr. President, yet the administration has reduced drug prosecutions at the very time that drug use is soaring. It's time for the administration to rejoin the war on drugs and the vigorous enforcement of our Federal drug laws.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 143 Leg.]

YEAS—100

Abraham	Feinstein	Mack
Akaka	Ford	McCain
Ashcroft	Frist	McConnell
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Bradley	Gregg	Nunn
Breaux	Harkin	Pell
Brown	Hatch	Pressler
Bryan	Hatfield	Pryor
Bumpers	Heflin	Reid
Burns	Helms	Robb
Byrd	Hollings	Rockefeller
Campbell	Hutchison	Roth
Chafee	Inhofe	Santorum
Coats	Inouye	Sarbanes
Cochran	Jeffords	Shelby
Cohen	Johnston	Simon
Conrad	Kassebaum	Simpson
Coverdell	Kempthorne	Smith
Craig	Kennedy	Snowe
D'Amato	Kerrey	Specter
Daschle	Kerry	Stevens
DeWine	Kohl	Thomas
Dodd	Kyl	Thompson
Dole	Lautenberg	Thurmond
Domenici	Leahy	Warner
Dorgan	Levin	Wellstone
Exon	Lieberman	Wyden
Faircloth	Lott	
Feingold	Lugar	

The amendment (No. 4019), as modified, was agreed to.

AMENDMENT NO. 4010

The PRESIDING OFFICER. Under the previous order, the question occurs

on amendment No. 4010 offered by the Senator from Colorado [Mr. BROWN].

Mr. BROWN. Mr. President, I will not ask for a rollcall vote on this. I think it can be voice voted. It is very direct. It speaks to the problem that we have which the Entitlement Commission pointed out that says they were not going to have the money to pay people their entitlements—retirement funds—when they come due. It says that in the future the COLA—the cost-of-living adjustment—that occurs automatically will only apply to the first $75,000 of retirement pay. I have checked. The Defense Department tells me no military personnel come under this. OMB tells me that something like one-tenth of 1 percent of total retirees would have this applied to them. But 30 years from now, after people who joined the military service or joined civil service under these rules come to retirement, it will have an impact. It is one way in the future prospectively to make sure we have money to pay the retirements that we promised.

Mr. GLENN addressed the Chair.

Mr. EXON. Mr. President, I yield 30 seconds of our time to my friend and colleague from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I disagree strongly with this. I think it unfairly limits people in the future. It is an arbitrary attempt to attack the earned pension benefits of the more highly compensated Federal employees, both military and civilian. The higher paid employees receive higher pension benefits, and I think it is unfair to penalize some Federal employees because they were good at their job, because they were promoted and because they make a better salary in their retirement.

Now, the amendment was defeated in the Budget Committee. It is brought up again here. It is, in effect, a future income cut for these people. Once again, we are trying to make our senior military and our civilians the whipping boys because of our failure on other budget matters. I think it is drastically unfair.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, did somebody ask for the yeas and nays?

Mr. EXON. The Senator from Ohio did.

Mr. DOMENICI. Even though he is willing to go by voice?

Mr. GLENN. Yes, because I disagree strongly with the amendment for reasons I just gave.

Mr. DOMENICI. We can vote it down by voice, and then the Senator could still get the yeas and nays after.

Mr. GLENN. I certainly want to know what the ruling would be in that case. I am not going to do it because I know what the decision would probably be.

Mr. BROWN. Will the Senator yield?

Mr. GLENN. I yield.

Mr. BROWN. I certainly would not object to the request for a vote after he hears the ruling of the Chair if he wishes to do that. My only thought was a voice vote would expedite procedures. I am happy to go along with either procedure you prefer.

Mr. DOMENICI. He is just suggesting that if he happens to lose on a voice vote, he can then have a rollcall vote.

Mr. GLENN. OK, I agree with that, if we have the agreement that if we lose on the voice vote, we will then have a record rollcall vote. That is fine. I trust all the people on our side will be in good voice.

Mr. DOMENICI. There are a lot of people in the Chamber. Only Senators make their voices heard now. None of the staff votes.

The PRESIDING OFFICER. If there is no objection, the yeas and nays are vitiated. The question is on agreeing to the amendment.

The amendment (No. 4010) was rejected.

AMENDMENT NO. 4011

The PRESIDING OFFICER. Under the previous order, the question occurs on agreeing to amendment No. 4011 of the Senator from Iowa, Mr. HARKIN.

Mr. DOMENICI. Senator HARKIN is up.

Mr. EXON. I am not sure the Senator from Iowa heard. I think the Chair was asking him to proceed. The next amendment up is No. 23 on my list, which is No. 4011 by Senator HARKIN. The Senator has 30 seconds.

Mr. DOMENICI. This is Senator HARKIN's amendment now.

Mr. HARKIN. What happened to the vote on the other one?

Mr. DOMENICI. We are finished. We have done it.

Mr. EXON. To answer the Senator's question, it was turned down by voice vote.

Mr. HARKIN. I see.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, this amendment divides the first reconciliation bill. All this amendment does is it takes welfare reform and separates it from Medicaid reform. It puts welfare reform in the first reconciliation bill. It leaves Medicaid reform in the second reconciliation bill so that we can have a straight vote on welfare reform. We should pass welfare reform in this Congress. We should and we can. It is not likely to be signed if it has a controversial Medicaid bill attached to it. So I call this the let-real-welfare-reform-become-law amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I will move to table the amendment shortly. But let me just say the budget resolution has a first reconciliation bill that will include welfare reform and Medicaid. This amendment strikes the Medicaid from that reconciliation bill and puts it into one with Medicare and other entitlements. I do not believe we ought to do that. We have thought it through and we want it in two pieces. The first one should be welfare reform and Medicaid.

Therefore, I move to table the amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on the motion to table amendment No. 4011, offered by the Senator from Iowa [Mr. HARKIN].

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. EXON. May I suggest the regular order.

The PRESIDING OFFICER (Mr. ABRAHAM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 60, nays 40, as follows:

[Rollcall Vote No. 144 Leg.]

YEAS—60

Abraham	Gramm	McConnell
Ashcroft	Grams	Moseley-Braun
Bennett	Grassley	Moynihan
Bond	Gregg	Murkowski
Brown	Hatch	Nickles
Burns	Hatfield	Nunn
Campbell	Helms	Pressler
Chafee	Hutchison	Roth
Coats	Inhofe	Santorum
Cochran	Jeffords	Shelby
Cohen	Kassebaum	Simon
Coverdell	Kempthorne	Simpson
Craig	Kerrey	Smith
D'Amato	Kyl	Snowe
DeWine	Lautenberg	Specter
Dole	Leahy	Stevens
Domenici	Lott	Thomas
Faircloth	Lugar	Thompson
Frist	Mack	Thurmond
Gorton	McCain	Warner

NAYS—40

Akaka	Exon	Levin
Baucus	Feingold	Lieberman
Biden	Feinstein	Mikulski
Bingaman	Ford	Murray
Boxer	Glenn	Pell
Bradley	Graham	Pryor
Breaux	Harkin	Reid
Bryan	Heflin	Robb
Bumpers	Hollings	Rockefeller
Byrd	Inouye	Sarbanes
Conrad	Johnston	Wellstone
Daschle	Kennedy	Wyden
Dodd	Kerry	
Dorgan	Kohl	

The motion to lay on the table the amendment (No. 4011) was agreed to.

Mr. DOMENICI. Mr. President, I wonder if Senator BUMPERS will be willing to proceed with his second of sequential amendments—the one on the firewalls—now, and then we will proceed immediately to the other amendment.

Mr. BUMPERS. Which one do you want to do first?

Mr. DOMENICI. Firewalls.

Mr. BUMPERS. You want to do firewalls first?

Mr. DOMENICI. Mr. President, I ask it be in order for Senator BUMPERS to proceed to the Bumpers-Simon amendment No. 4014.

Mr. BUMPERS. I have been preparing for the amendment on asset sales. We are not really quite ready to go to firewalls. Is there any objection to going ahead with the asset sales?

Mr. DOMENICI. We have a second-degree amendment to yours, and we are now checking that amendment to make sure that it is not subject to a parliamentary impediment. If it is, we will try to repair it, and we do not have enough time to repair it in 30 seconds.

Mr. BUMPERS. I think it is irreparable.

Mr. DOMENICI. If the Senator will set it aside and take firewalls. If you want, I can explain the firewalls amendment for you.

Mr. BUMPERS. We would rather like to offer the asset sales first and then get the second one disposed of one way or the other.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

AMENDMENT NO. 4013

Mr. BUMPERS. Mr. President, this amendment is one that we have voted on a number of times. We voted twice last year. It got 47 votes the first time, it got 49 votes the second time. It simply says, you cannot sell assets of the Federal Government and score those assets on the budget deficit. If you sold $130 billion worth of Government property today, you could balance the budget this year, but next year you are going to have the same budget deficit you had. Rudolph Penner, Bob Reischauer both say it is bad policy. It is dishonest budgeting. We ought not to be doing it. From 1987 to 1995 we specifically provided in the budget resolution that we would not score asset sales.

So, Mr. President, I hope that at least we can get this body to vote for honest budgeting. I am not suggesting that you not sell assets. I have voted one asset sale this year. I am saying, do not score it. It reminds me of the guy that came home from the office and told his wife he had a great day at the office. She said, "What happened?" He said he sold his desk. That is what we are doing when we sell the assets and put it on the deficit.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Senator MCCAIN has an amendment for himself and the Senator from New Mexico.

AMENDMENT NO. 4035 TO AMENDMENT NO. 4013

(Purpose: To express the sense of the Senate regarding corporate subsidies and to provide a rule that would prohibit the scoring of proceeds from asset sales that would lead to a financial loss by the Federal Government)

Mr. MCCAIN. Mr. President, I have a second-degree amendment and ask for its immediate consideration.

The bill clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for himself and Mr. DOMENICI, proposes an amendment numbered 4035 to amendment No. 4013.

Mr. MCCAIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

In amendment No. 4013, strike all after the first word and insert the following:

SEC. . CORPORATE SUBSIDIES AND SALE OF GOVERNMENT ASSETS.

(a) CORPORATE SUBSIDIES.—It is the sense of the Senate that the functional levels and aggregates in this budget resolution assume that:

(1) the federal budget contains tens of billions of dollars in payments, benefits and programs that primarily assist profit-making enterprises and industries rather than provide a clear and compelling public interest;

(2) corporate subsidies can provide unfair competitive advantages to certain industries and industry segments;

(3) at a time when millions of Americans are being asked to sacrifice in order to balance the budget, the corporate sector should bear its share of the burden.

(4) federal payments, benefits, and programs which predominantly benefit a particular industry or segment of an industry, rather than provide a clear and compelling public benefit, should be reformed or terminated in order to provide additional tax relief, deficit reduction, or to achieve the savings necessary to meet this resolution's instructions and levels.

(b) SALE OF GOVERNMENT ASSETS.—

(1) BUDGETARY TREATMENT.—

(A) IN GENERAL.—For the purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, no amounts realized from the sale of an asset shall be scored with respect to the level of budget authority, outlays, or revenues if such sale would cause an increase in the deficit as calculated pursuant to subparagraph (B).

(B) CALCULATION OF NET PRESENT VALUE.—The deficit estimate of an asset sale shall be the net present value of the cash flow from:

(i) proceeds from the asset sale;

(ii) future receipts that would be expected from continued ownership of the asset by the Government; and,

(iii) expected future spending by the Government at a level necessary to operate and maintain the asset to generate the receipts estimated pursuant to clause (ii).

(2) DEFINITIONS.—For purposes of this section, the term 'sale of an asset' shall have the same meaning as under section 250(c)(21) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(3) TREATMENT OF LOAN ASSETS.—For the purpose of this subsection, the sale of loan assets or the prepayment of a loan shall be governed by the terms of the Federal Credit Reform Act of 1990.

Mr. MCCAIN. Mr. President, this amendment expresses the sense of the Senate on an issue of profound importance to the American people—the reform and elimination of undue corporate subsidies in the Federal budget.

The amendment finds that the Federal budget contains billions of dollars in payments, benefits and programs that predominantly assist profit-making enterprises rather than provide a clear and compelling public benefit. Such largess can provide unfair competitive advantage to certain industries and industry segments and has become an enormous drain on the Treasury.

And, the amendment expresses the sense of the Senate that the Congress should reform or terminate such programs in order to provide additional tax relief, deficit reductions, or achieve the savings necessary to meet the resolution's budget instruction.

Mr. President, we are asking millions of Americans—from families who receive food stamps to our men and women in uniform—to sacrifice in order to stop the Nation's fiscal bleeding.

As a matter of simple fairness, we have a moral obligation to ensure that corporate interests share the burden. The Cato and Progressive Policy Institutes, have identified 125 Federal programs that subsidize industry to the tune of $85 billion every year, and PPI found an additional $30 billion in tax loopholes to powerful industries.

The public cannot understand why we continue to shell out billions of dollars in subsidies to powerful corporate interests, when we simply cannot afford such largess, and at a time when many corporate CEO's are earning bonuses that resemble the budgets of many school districts.

Corporate pork cannot be justified in such an environment and it has no place in a diminishing Federal budget.

Some believe that corporate pork is a thing of the past. Sadly that is not so. While some gains were made this year in trimming the fat, the effort was been disappointingly anemic.

We still subsidize the overseas advertising of multimillion dollar companies through the Marketing Promotion Program; hundreds of millions are earmarked for unrequested hometown military construction projects; we still coddle wealthy peanut and sugar growers with anachronistic production quotas and tariff restrictions; billions remain in the pipeline for highway demonstration projects which are not even considered priorities in the States where they will be built;

And the biggest and most obscene example, we still plan to give away billions of dollars in publicly owned electromagnetic spectrum to affluent communications companies; and that list goes on and on.

Last November, I offered an amendment along with Senator THOMPSON and others to eliminate and reform 12 of the most celebrated and egregious forms of corporate pork identified by CATO and PPI. The fact that 74 Senators voted against the amendment is ample testimony to the problem.

Mr. President, corporate pork wastes resources, increases the deficit, distorts markets and has no place either in a free market economy or in a budget where we are asking millions of Americans to sacrifice for the good of future generations.

As the Public Policy Institute observed, "The President and Congress can break the current impasse and substantially reduce both spending and projected deficits * * * if they are willing to eliminate or reform scores of special spending programs and tax provisions narrowly targeted to subsidize influential industries."

"If we are willing"? That's the million dollar question, Mr. President. This amendment will determine where the Senate stands on corporate subsidies, and will serve as a springboard to make the changes necessary to regain control of the budget and restore the public's confidence in the budget process.

Mr. President, a portion of this amendment crafted by Senator DOMENICI addresses the question of how asset sales should be treated in regard to budget scoring. The distinguished Senator from New Mexico will explain that particular language in his remarks.

I thank Senator DOMENICI and I urge all Senators to support the amendment.

Mr. President, to summarize, this amendment makes two changes to the Bumpers asset sales amendment. First, it would add language expressing the sense of the Senate that corporate subsidies should be reduced. The language states we should eliminate any unjustified corporate subsidies in the budget and use the savings for deficit reduction and tax relief. Second, in lieu of the Bumpers amendment, it would prohibit using asset sales to balance the budget. This amendment would prohibit the scoring of proceeds from asset sales that would lead to a financial loss by the Federal Government over the long run.

Mr. EXON. I yield 30 seconds to the Senator from Arkansas.

Mr. BUMPERS. Mr. President, the Senator from Arizona's amendment is not the worst amendment in the world. But it simply does not address the problem. It essentially says that if we are going to sell an asset, let us get fair market value. That is not the problem, even though in cases it has a tendency to be the problem.

But the problem is that we have been proposing around here to sell the PMA's. If you have a power marketing system in your State, there has been a proposal to sell it. We sold one in Alaska, just voted to sell the Uranium Enrichment Corporation. There have been proposals to sell Elk Hills. It is now on the block. I am not suggesting we are not going to get fair market value for it, even though we will not because it is money—as the Senator from Arizona says, the amount of money coming in over the next 30 years is more than we are going to get. All I am saying is, sell it if you want to, put it on infrastructure; but do not put it on the deficit when you have to come back next year and redress it.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the Senator for at least recognizing that our amendment is not the worst amendment in the world. We greatly appreciate that.

Mr. BUMPERS. It is close.

Mr. DOMENICI. It is obvious this amendment is a good amendment. It says asset sales cannot cost the Government over time, present value cannot cost the Treasury any money. We think that is a good rule. We hope we adopt it. I ask for the yeas and nays on the McCain amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question now occurs on agreeing to the McCain second-degree amendment No. 4035. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Connecticut [Mr. DODD] and the Senator from Connecticut [Mr. LIEBERMAN] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 145 Leg.]

YEAS—98

Abraham	Campbell	Feingold
Akaka	Chafee	Feinstein
Ashcroft	Coats	Ford
Baucus	Cochran	Frist
Bennett	Cohen	Glenn
Biden	Conrad	Gorton
Bingaman	Coverdell	Graham
Bond	Craig	Gramm
Boxer	D'Amato	Grams
Bradley	Daschle	Grassley
Breaux	DeWine	Gregg
Brown	Dole	Harkin
Bryan	Domenici	Hatch
Bumpers	Dorgan	Hatfield
Burns	Exon	Heflin
Byrd	Faircloth	Helms
Hollings	Lugar	Roth
Hutchison	Mack	Santorum
Inhofe	McCain	Sarbanes
Inouye	McConnell	Shelby
Jeffords	Mikulski	Simon
Johnston	Moseley-Braun	Simpson
Kassebaum	Moynihan	Smith
Kempthorne	Murkowski	Snowe
Kennedy	Murray	Specter
Kerrey	Nickles	Stevens
Kerry	Nunn	Thomas
Kohl	Pell	Thompson
Kyl	Pressler	Thurmond
Lautenberg	Pryor	Warner
Leahy	Reid	Wellstone
Levin	Robb	Wyden
Lott	Rockefeller	

NOT VOTING—2

Dodd	Lieberman

The amendment (No. 4035) was agreed to.

AMENDMENT NO. 4036 TO AMENDMENT NO. 4013, AS AMENDED

(Purpose: To restore common sense to the budget rules by reversing the rule change on the scoring of asset sales)

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, Mr. BRADLEY, and Mrs. MURRAY, proposes an amendment numbered 4036 to amendment No. 4013, as amended.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

The pending amendment, as amended, is amended by adding the following:

Not withstanding subsection (1) of this amendment regarding the sale of government assets, the sale of assets shall be treated as follows:

(1) BUDGETARY TREATMENT.—For purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, no amounts realized from sales of assets shall be scored with respect to the level of budget authority, outlays, or revenues.

(2) DEFINITIONS.—For purposes of this section, the term "sale of an asset" shall have the same meaning as under section 250(c)(21) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(3) TREATMENT OF LOAN ASSETS.—For the purposes of this section, the sale of loan assets or the prepayment of a loan shall be governed by the terms of the Federal Credit Reform Act of 1990.

Mr. DOMENICI. Mr. President, will the Senator yield? I would like to announce for the Senate—and I hope Senators will listen.

The PRESIDING OFFICER. The Senate will come to order.

Mr. DOMENICI. When we finish this second-degree amendment by Senator BUMPERS, which we will start very shortly, there will be no further votes tonight. When we wrap up business

today, we will indicate in the unanimous consent that at 10 a.m. in the morning we will begin a series of rollcall votes on the budget resolution. We believe we have 11 of them. We will work until 1 o'clock and have a recess for 1 hour, return at 2 o'clock and we will be finished sometime shortly thereafter. By that time, we will probably be down to three or four amendments.

That is what we have agreed to. I am not putting it before the Senate in a consent, but I thought you would like to know.

Mr. HATFIELD. Will the Senator yield for a question?

Mr. DOMENICI. I will be happy to yield to the Senator for a question.

The PRESIDING OFFICER. The Senate will be in order.

The Senator has yielded for a question of the Senator from Oregon.

Mr. HATFIELD. Mr. President, I would like to ask the Senator if the McCain amendment we have adopted has any application to the Bonneville power administration as it relates to its corporate status.

Mr. DOMENICI. The corporate subsidies and all matters related thereto were never intended to relate to Bonneville.

Mr. HATFIELD. I thank the Senator.

Mr. DOMENICI. And/or similar projects to Bonneville.

Mr. BUMPERS addressed the Chair.

Mr. DOMENICI. I thank the Senate for the time.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I know everybody wants to get to the party. This amendment, the second-degree amendment, is precisely the same amendment as my first-degree amendment which was taken down by the McCain amendment. The McCain amendment does one thing that is good. It says that you cannot sell an asset for less than its net present value, but that does not affect an asset like a national park that has no income stream. And second, let me repeat, Rudolph Penner and Bob Reischauer, two of the most respected directors of the Congressional Budget Office we have ever had, said it is terrible policy to score asset sales on the budget deficit.

Please vote yea on my amendment.

The PRESIDING OFFICER. The Senator's time has expired. The Senator from New Mexico.

Mr. DOMENICI. The Senate overwhelmingly voted to substitute this amendment. We voted for it. There is no use going back and undoing what we have done by another amendment. So I move to table the Bumpers amendment and ask for yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the Bumpers amendment No. 4036. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Connecticut [Mr. DODD] and the Senator from Connecticut [Mr. LIEBERMAN] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 52, nays 46, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—52

Abraham	Gorton	McCain
Ashcroft	Gramm	McConnell
Bennett	Grams	Murkowski
Bond	Grassley	Nickles
Brown	Gregg	Pressler
Burns	Hatch	Roth
Campbell	Hatfield	Santorum
Chafee	Heflin	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Coverdell	Inhofe	Snowe
Craig	Jeffords	Stevens
D'Amato	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dole	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	
Frist	Mack	

NAYS—46

Akaka	Feinstein	Moseley-Braun
Baucus	Ford	Moynihan
Biden	Glenn	Murray
Bingaman	Graham	Nunn
Boxer	Harkin	Pell
Bradley	Hollings	Pryor
Breaux	Inouye	Reid
Bryan	Johnston	Robb
Bumpers	Kennedy	Rockefeller
Byrd	Kerrey	Sarbanes
Cohen	Kerry	Simon
Conrad	Kohl	Specter
Daschle	Lautenberg	Wellstone
Dorgan	Leahy	Wyden
Exon	Levin	
Feingold	Mikulski	

NOT VOTING—2

Dodd	Lieberman

The motion to lay on the table the amendment (No. 4036) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4013, AS AMENDED

The PRESIDING OFFICER. The question now occurs on amendment No. 4013, as amended.

Mr. DOMENICI. I ask unanimous consent that the underlying amendment, as amended, be agreed to, and the motion to reconsider be laid upon the table.

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

The amendment (No. 4013), as amended, was agreed to.

Mr. HATCH. Mr. President, today we continue our important quest to free the children of this country from an enormous burden of debt; we can start to free up the Federal Government from the compounding interest payments that threaten our fiscal future. The vote today is a very important one. It shows whether we are determined to balance the budget in a meaningful and attainable way, or whether we want to see business as usual in the Federal Government.

Mr. President, the problem of lowering the deficit is not a new one. We got to this point over a period of 40 years. Over the last 30 years, we have seen a clear and uninterrupted trend of increasing deficits. During the 1960's, deficits averaged $6 billion per year. In the 1970's, deficits averaged $36 billion per year. In the 1980's, they climbed to $156 billion per year. It doesn't stop there, in the 1990's, so far, deficits have averaged $259 billion per year.

I think there is plenty of blame to share among all the Members of Congress and all the U.S. Presidents during these decades of debt buildup. The Vietnam war, the rise in entitlements, the creation of new agencies and roles of Government—all of these and other factors contributed to the budget mess we are in today.

But, today, Mr. President, the question is not so much how we got in the hole, but how we get out.

Today, Mr. President, we can only lay blame on those who do not support a plan to balance the budget by the year 2002 and utilizing real numbers. Today, we have an opportunity to begin the process of addressing our deficit head-on and setting our country on the road to a balanced budget.

Mr. President, the taxpayers pay for the deficits the Federal Government keeps running up. Every year the hard-working Americans work to pay for our fiscal irresponsibility. But, the hurt from our spending does not stop there. The ones who are going to bear the brunt of this debt are our children and grandchildren. A child born today will pay $187,000 in taxes throughout his or her lifetime just to pay the interest on the debt our annual deficit spending has amassed.

This debt amounts to roughly $18,500 per person today with annual interest charges exceeding $2,575 per taxpayer. This is not right.

Mr. President, balancing the budget will help to lighten this burden on our families, and most importantly, on our children and grandchildren. It will take a long time to pay off a $4.9 trillion debt. But, by voting on a resolution to balance the budget by 2002, we can at least begin the process. And, we can face the dawn of a new century with a renewed commitment to fiscal responsibility.

Mr. President, I think that almost all of us theoretically agree that we must balance the budget. And, clearly, the debate involves setting priorities. But,

the real test is one of political will. Not one of us is going to get his or her own way on everything in this budget resolution. But, the larger issue still looms. Are we determined to balance the budget? Are we willing to compromise a little here and there for achievement of a goal that has been eluding us for decades?

We must use reliable data. Using rosy estimates and forecasts may make the job of Federal budgeting easier for us and for the President, but it won't work. When I commute to the Hill in the morning, I can estimate that it will take me 5 minutes. But, that estimate won't make me on time.

We need to use conservative, real-life estimates of what the economy is going to look like in the future so we adopt reasonable policies to efficiently react to the economic environment of the future.

The difference between the Republican budget resolution and the budget submitted by President Clinton is what it gives to the American people. The Republican bill lowers the cost of Government, keeps the Medicare trust fund solvent longer, contains attainable spending control, and allows the American people to keep more of their hard-earned money.

Many of my colleagues have complained about the control we put on spending in this legislation. I can only say to them that if we do not do it now, the pain will be even greater later on. What will we tell seniors when their savings are devoured by inflation? What will we tell our kids in just a few years when a greater share of our annual budget is allocated to debt service than to domestic programs such as education or public health?

Mr. President, this is where the rubber meets the road. Do we continue to hide behind business as usual, using rosy estimates and gimmicks? Do we front-load spending on all the popular programs in the first few years and back-end all the serious reductions into the last 2 years? That strategy obviously appeals to President Clinton since that is the basic idea in his budget. Personally, I see no virtue in postponing the inevitable. The deficit cancer will not cure itself if we ignore it longer.

I, for one, am not willing to leave the future of this country to the status quo. I believe that the most important thing we can do is continue to move down the road to fiscal responsibility. I want to commend Senator DOMENICI and my colleagues on the Budget Committee. Having served on the Budget Committee, I am well aware of the difficulty in bringing a budget resolution to the Senate floor, let alone one that is honest, straightforward, and gets the job done. I join in supporting this budget resolution.

MAINTAINING ECONOMIC DEVELOPMENT AGENCY FIELD REPRESENTATIVES

Mr. BINGAMAN. Mr. President, I am pleased that the Senate has adopted my amendment on the Economic Development Administration. This amendment calls for the EDA to place high priority on maintaining field-based economic development representatives and requests reconsideration of those staff and offices that are now slated to be terminated and closed as part of the EDA's recent reduction in force.

Mr. President, I support the Economic Development Administration's efforts over the last 30 years in New Mexico. Recently, New Mexico has moved from 48th to 47th place in the Nation in terms of per capita personal income. New Mexico, in terms of export sector growth, has been first in the Nation for the last 5 years. While I don't wish to imply that the EDA has directly caused all of these changes, I do believe that the EDA has played a vital role in helping to nurture economic activity in areas of New Mexico that might not otherwise have made the sort of efforts that are now underway.

The Economic Development Administration is not designed to help urban areas further develop. Rather, EDA's mission is to nurture economic competence and help seed economic activity in nonurban regions of the Nation, particularly in economically disadvantaged communities. The EDA does a great many things that have been important in New Mexico and around the Nation including the promotion of industrial park development, business incubators, water and sewer system improvements, vocational and technical training facilities, technical assistance and capacity building for local governments, economic adjustment strategies, revolving loan funds and other projects which the private sector has nor generated or will not generate without some assistance from the Government.

The Economic Development Administration maintains six regional offices which oversee staff that are designated field-based representatives. These regional offices are located in the urban areas of Austin, Seattle, Denver, Atlanta, Philadelphia, and Chicago, but most of the field representatives are located in the States that they cover.

The budget that Congress finally approved for the EDA in 1996 capped salaries and expenses at $20 million, which represents a 37-percent reduction from fiscal year 1995 levels. The new Assistant Secretary of Economic Development, Dr. Phillip Singerman, has certainly had very difficult staffing decisions to make in leading a reduction-in-force process to bring the staffing level down to what the budget would allow. I know that this has been a painful, difficult process, and I appreciate the letter from Dr. Singerman on May 6 announcing the termination of our New Mexico-based economic development representative in which he wrote that New Mexico would continue to get his personal attention.

My problem today is not with Dr. Singerman's intent. I know that he has tried to cut staff from all parts of EDA—including approximately 18 positions from the Washington headquarters. My concern is that while Dr. Singerman and the EDA might have every intent of covering New Mexico, they will not be on the ground working on a regular basis with communities that do need and have benefited from contact with a field-based economic development representative.

The Washington headquarters of EDA is about 2,000 miles from New Mexico, and the Austin regional office which oversees New Mexico is approximately 700 miles from Santa Fe. There is no doubt that the communities of New Mexico that have been pulling themselves together and generating much needed economic infrastructure are losing a very important resource because of the EDA's decision to shut down our local office.

The States that are losing field representative coverage include New Mexico, Arizona, Nevada, North Dakota, Oklahoma, Illinois, Indiana, Maine, Connecticut, Rhode Island, Mississippi, and North Carolina. Among these, New Mexico ranks 47th in per capita personal income in the Nation. Oklahoma ranks 46th. Mississippi is about 49th. North Dakota is 42d, Arizona 35th, Maine 34th, and North Carolina 33d.

In Dr. Singerman's letter to me, as well as to some of my other Senate colleagues, he stated that the decision to cut these positions or to not replace retiring personnel was based on such criteria as "local need." The States I have mentioned certainly rank high in the need category.

While the EDA was closing down the New Mexico EDA office, it was bolstering the Austin Regional Office with personnel from Washington, DC. To make matters worse, Texas is one of the few States in the Nation with two field-based representatives, both of whom work out of the Austin office, and neither of these positions was cut. Oklahoma and New Mexico both lost their field representatives in this process, and I think that this just runs counter to Economic Development Administration's mission.

Many of the most recognizable places in New Mexico, and many of our most ambitious efforts to improve our economy have been brought to life through the efforts of Jim Swearingen and the Santa Fe EDA office. During the 30 years of EDA operation in New Mexico, the EDA office has provided millions of dollars of Federal assistance toward economic development projects including Albuquerque's KIMO Theater, the Sweeney Convention Center in Santa

Fe, the Mesilla Plaza, the Taos Plaza, the UNM Technology Commercialization Center, the Carlsbad Advanced Manufacturing Training Center, the Indian Pueblo Cultural Center, and numerous other projects. So far this year, EDA has provided $400,000 for infrastructure supporting Fort Sumner's Cheese Factory Project, $1 million for a business incubator in Farmington, and $4.5 million for the Crownpoint Institute of Technology in Crownpoint. Jim Swearingen has served New Mexico for 24 years—and is a person widely respected in my State. He has made a great difference.

I strongly believe that the EDA needs to keep its field representatives out with the people and communities it serves. I am pleased that there was strong bipartisan agreement in the Senate that the EDA should reconsider the nature of its current reduction-in-force and should make field representation one of its highest priorities.

MORNING BUSINESS

THE NOMINATION OF COL. JOSEPH T. MURPHY TO BE A BRIGADIER GENERAL IN THE U.S. ARMY NATIONAL GUARD

Mr. DASCHLE. Mr. President, I am delighted that the Senate has given its approval to the nomination of Col. Joseph T. (Tim) Murphy to be a brigadier general in the U.S. Army National Guard. He has faithfully served in the South Dakota Army National Guard for more than 25 years and currently serves as the State's assistant adjutant general.

I have had the honor and pleasure of working with Tim Murphy on a number of National Guard issues over the years and have been continually impressed by his commitment and dedication. He has been an outstanding advocate for the South Dakota National Guard and has served his State and country with the utmost integrity.

Considering the excellent leadership that he has provided, it is easy to understand why the South Dakota National Guard has been so successful. Just recently, for instance, the 854th Engineer Company in Mobridge and Lemmon, SD won the 1995 National Guard's Itschner Award for the most outstanding engineer company in the Active Army, Army Reserve, and the Army National Guard. This is the fifth time during the past 20 years that a South Dakota National Guard unit has won the prestigious award.

I have a great deal of respect and admiration for Tim Murphy and am convinced that his nomination is well deserved and long overdue. I would like to take this opportunity to review some of the highlights of his distinguished career in the South Dakota Army National Guard.

Tim Murphy enlisted in the South Dakota Army National Guard upon graduating from Brookings High School in 1960. He subsequently attended the South Dakota Military Academy officer candidate school and was commissioned a second lieutenant in 1965. In the same year, he served as a full-time technician and administrative officer for the 139th Transportation Battalion in Brookings. In 1971, he was selected as the first recruiting and retention manager for South Dakota.

During his tenure with the South Dakota Army National Guard, Tim Murphy served in many other capacities. As his extensive biography indicates, he was a maintenance officer, a personnel officer, and an assistant operations training officer. He was also the 129th Public Affairs Detachment commander and the South Dakota State Area Command recruiting and induction officer. In addition, he served as the plans, operations and military support officer; the director of personnel; and the director of logistics.

Tim Murphy was promoted to colonel in 1984. Five years later, he entered active duty and became the U.S. Property and Fiscal Officer for South Dakota. In 1991, he became the chief of staff for the South Dakota Army National Guard at Camp Rapid in Rapid City, SD. He maintained that position until he was promoted to assistant adjutant general earlier this year.

In addition to the many assignments that he has held in the Army National Guard, Tim Murphy has also earned numerous military awards and decorations. He has received the Meritorious Service Medal with four oak leaf clusters, the Army Commendation Medal with two oak leaf clusters, and the Air Force Commendation Medal.

Tim Murphy also earned the National Defense Service Ribbon, the Army Reserve Component Achievement Medal with three oak leaf clusters, and the Army Service Ribbon. In addition, he received the Armed Forces Reserve Medal with XX device, the Overseas Training Ribbon, the National Guard Bureau Eagle Award, and a Master Aviator Badge.

I congratulate Tim on his nomination to be a brigadier general in the Army National Guard. As I mentioned, his nomination is well deserved and long overdue. I wish him and his wife, Carol, the very best and hope their future is filled with good health and happiness.

IKE AND DUCKWORTH

Mr. STEVENS. Madam President, in the Wall Street Journal yesterday there was an article entitled "They Also Served Who Bark and Sniff." I think perhaps some Members of the Senate may have missed this. Since tonight is the night we honor President Eisenhower, I urge all Members to read this very touching story about a small dog that was a mascot to the Air Corps in World War II and what Ike did about that.

I ask unanimous consent that this article be printed in the RECORD.

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

[From the Wall Street Journal, May 20, 1996]

THEY ALSO SERVED WHO BARK AND SNIFF

(By Frank Whitsitt)

Time has run out on World War II anniversary stories, but there's an overlooked one, about a general and a dog. It came to light in a recent exhibit at the Eisenhower Library, in Abilene, Kan., that showed what animals—either as beasts of burden or as mascots—have meant to the armed forces, which we honor today, Armed Forces Day.

Three young Army fliers were inseparable during their World War II training in Florida until the day one of them, Bostonian John Stuart Duckworth II, was transferred to Texas. His pals, Richard East of New York and Harold Taff of Indiana, went hunting for a squadron mascot to name for Duckworth. At a city pound in St. Petersburg, they plucked off death row a small, black-and-white springer spaniel with an irresistible way of cocking his head.

Duckworth the dog flew a lot of bombing missions in Northwest Africa. He was always the first off after the bomber rolled to a stop. He'd head for the landing gear's left wheel and do what's expected of a dog cooped up for hours. When Lts. East and Taff switched to fighter planes, the mascot was grounded. Nonetheless, he would patiently await one or the other's return.

But the day came—April 4, 1943—when Lt. East did not come back. He was listed as missing in action until Allied forces found the wreckage of his plane when they moved into Tunis. Lt. Taff took the loss hard. Dick East had been the best man at his wedding. And it took some time for Duckworth to realize that Lt. East would never fly back into his life. For days he had waited at the airfield, his excitement over each landing fading when someone other than Lt. East deplaned. But the dog still had Lt. Taff, and Lt. Taff still had Duckworth.

Unaware of this relationship, Lt. East's father, Bion R. East of the Columbia University medical faculty, wrote Gen. Dwight Eisenhower, asking if the dog could be sent to him and the grieving mother.

Ike directed that every effort be made to do so. Duckworth was put aboard a plane to start the journey to the States. But Ike was soon notified that a flier named Taff was heartbroken over losing the dog and was remaining with the plane until it took off. Putting military morale first, Ike wrote Dr. East of his decision to return the dog to Lt. Taff. Then Ike shared with Dr. East what his own dog meant to him. Ike's words may explain why he interrupted his rather important job of kicking the Nazis out of Africa merely because of the friendship between a man and his dog:

"The friendship of a dog is precious. It becomes even more so when one is so far removed from home as we are in Africa. I have a Scottie. In him I find consolation and diversion. For me he is the one 'person' to whom I can talk without the conversation turning back to the war. Duckworth is performing a patriotic service. I am confident you will view the situation similarly despite the natural desire to have this close companion of your gallant son."

Dr. East wrote Lt. Taff, apologizing for nearly separating him and Duckworth, and asked, "When you have returned to your wife and family, would you consider letting us keep him?" So Duckworth stayed, and the war went on.

Young Lt. Taff, daring, skillful and lucky, survived nearly 100 missions. His commanders decided he had given enough and sent him home. The squadron agreed that Duckworth should accompany him, that the dog, too, had gone the extra mile. Three days after their departure, Dr. East got a call from Chicago. "This is Harold Taff, came the words. "I've brought Duckworth home to you and Mrs. East."

The Easts' Plainfield, NJ., residence was not the home Lt. East grew up in. When he entered the house, Duckworth was casual until he reached a room where the Easts has placed their son's possessions. He became excited, jumping on the son's bed. Then he sniffed out the clothing and uniforms in the closet. His every action confirmed that this room would be his. And so it was the rest of his days.

A couple of years later Dwight Eisenhower came to Columbia for a convocation honoring World War II leaders. Dr. East got a chance to greet Ike. "General, do you remember Duckworth?" he asked. The quick Eisenhower grin showed that he did. "You must be Dr. East," he said. "I'd sure like to meet that dog."

While Ike and Duckworth did not meet on the first occasion, there were opportunities to do so after the general became president of Columbia in 1948. What a fitting capstone it would have made for the little wartime morale booster had Ike and he become good friends at Columbia. But Dr. East's seven typewritten pages about Ike and Duckworth, filed in the university's archives, are silent on that possibility.

HONORING JOHN R. FOX

Mr. KERRY. Mr. President, as we near the honoring of all our Nation's veterans through the celebration of Memorial Day, I would like to bring special attention to a World War II Army veteran from Boston, MA. On Christmas Day, 1944, 1st Lt. John R. Fox volunteered to serve as an artillery forward observer in the village of Sommocolonia, in the Serchio Valley, Italy. The following morning, trapped in a church steeple, Fox radioed his command to ask for artillery fire on his own position. No one at the artillery battalion command had ever heard such a request. They radioed back for clarification. John Fox answered, "There are hundreds of them coming. Put everything you've got on my observation post."

Mr. President, this is one of the most incredible acts of heroism about which I have ever heard. John Fox literally made the decision to sacrifice his life for his country. He has, along with six other African American soldiers from World War II, been nominated for our Nation's highest honor, the Medal of Honor. I would like to pay tribute here not only to Lieutenant Fox, but to all black veterans from all American wars. Our great country will always be in debt to all the men and women who have given or risked their lives for the preservation of freedom. It is long past time that we properly honor those whose remarkable patriotism and sacrifices have not previously received the respect and attention they deserve. I am thankful that on this Memorial Day the proper steps finally are being taken to accomplish that.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Tuesday, May 21, 1996, the Federal debt stood at $5,115,827,182,802.62.

On a per capita basis, every man, woman and child in America owes $19,312.52 as his or her share of that debt.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

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

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

REPORT OF THE COMMODITY CREDIT CORPORATION FOR FISCAL YEAR 1994—MESSAGE FROM THE PRESIDENT—PM 148

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Agriculture, Nutrition, and Forestry:

To the Congress of the United States:

In accordance with the provisions of section 13, Public Law 806, 80th Congress (15 U.S.C. 714k), I transmit herewith the report of the Commodity Credit Corporation for fiscal year 1994.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 22, 1996.*

REPORT OF THE NATIONAL SCIENCE FOUNDATION FOR FISCAL YEARS 1994 AND 1995—MESSAGE FROM THE PRESIDENT—PM 149

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

As required by the provisions of section 3(f) of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1862(f)), I transmit herewith the combined annual reports of the National Science Foundation for fiscal years 1994 and 1995.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 22, 1996.*

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 11:58 a.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 2066. An act to amend the National School Lunch Act to provide greater flexibility to schools to meet the Dietary Guidelines for Americans under the school lunch and school breakfast programs.

The enrolled bill was signed subsequently by the President pro tempore [Mr. THURMOND].

The message also announced that the House has passed the following bills, in which it requests, the concurrence of the Senate:

H.R. 1009. An act for the relief of Lloyd B. Gamble.

H.R. 1483. An act to amend title 38, United States Code to allow revision of veterans benefits decisions based on clear and unmistakable error.

H.R. 2765. An act for the relief of Rocco A. Trecosta

H.R. 3373. An act to amend title 38, United States Code, to improve certain veterans' benefits programs, and for other purposes.

H.R. 3415. An act to amend the Internal Revenue Code of 1986 to repeal the 4.3-cent increase in the transportation motor fuels excise tax rates enacted by the Omnibus Budget Reconciliation Act of 1993 and dedicated to the general fund of the Treasury.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 154. Concurrent resolution to congratulate the Republic of China on Taiwan on the occasion of its first direct and democratic presidential election and the inauguration of its president.

H. Con. Res. 160. Concurrent resolution congratulating the people of the Republic of Sierra Leone on the success of their recent democratic multiparty elections.

H. Con. Res. 165. Concurrent resolution saluting and congratulating Polish people around the world as, on May 3, 1996, they commemorate the 205th anniversary of the adoption of Poland's first constitution.

H. Con. Res. 167. Concurrent resolution recognizing the tenth anniversary of the Chornobyl nuclear disaster, and supporting the closing of the Chornobly nuclear power plant.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 1009. An act for the relief of Lloyd B. Gamble; to the Committee on the Judiciary.

H.R. 1483. An act to amend title 38, United States Code, to allow revision of veterans

benefits decisions based on clear and unmistakable error; to the Committee on Veterans' Affairs.

H.R. 2765. An act for the relief of Rocco A. Trecosta; to the Committee on the Judiciary.

H.R. 3373. An act to amend title 38, United States Code, to improve certain veterans' benefits programs, and for other purposes; to the Committee on Veterans' Affairs.

The following concurrent resolutions were read and referred as indicated:

H. Con. Res. 154. Concurrent resolution to congratulate the Republic of China on Taiwan on the occasion of its first direct and democratic presidential election and the inauguration of its president; to the Committee on Foreign Relations.

H. Con. Res. 160. Concurrent resolution congratulating the people of the Republic of Sierra Leone on the success of their recent democratic multiparty elections; to the Committee on Foreign Relations.

MEASURES PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

S. 1788. A bill to amend the National Labor Relations Act and the Railway Labor Act to repeal those provisions of Federal law that require employees to pay union dues or fees as a condition of employment, and for other purposes.

The following concurrent resolutions were read and placed on the calendar:

H. Con. Res. 165. Concurrent resolution saluting and congratulating Polish people around the world as, on May 3, 1996, they commemorate the 205th anniversary of the adoption of Poland's first constitution.

H. Con. Res. 167. Concurrent resolution recognizing the tenth anniversary of the Chernobyl nuclear disaster, and supporting the closing of the Chernobyl nuclear power plant.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry:

David D. Spears, of Kansas, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring April 13, 2000.

Brooksley Elizabeth Born, of the District of Columbia, to be Chairman of the Commodity Futures Trading Commission.

Brooksley Elizabeth Born, of the District of Columbia, to be a Commissioner of the Commodity Futures Trading Commission for the remainder of the term expiring April 13, 1999.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. BOND, from the Committee on Small Business:

Ginger Ehn Lew, of California, to be Deputy Administrator of the Small Business Administration.

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

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HELMS:

S. 1789. A bill to amend the Social Security Act to deny the payment of Social Security and supplemental security income benefits to prisoners, and for other purposes; to the Committee on Finance.

By Mr. McCONNELL:

S. 1790. A bill to amend the Controlled Substances Act to increase the penalties for the manufacture, distribution, and possession of marijuana, and for other purposes; to the Committee on the Judiciary.

By Mr. SIMPSON (for himself and Mr. ROCKEFELLER):

S. 1791. A bill to increase, effective as of December 1, 1996, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans, and for other purposes; to the Committee on Veterans Affairs.

By Mrs. BOXER (for herself and Mr. CHAFEE):

S. 1792. A bill to amend the Internal Revenue Code of 1986 to allow companies to donate scientific equipment to elementary and secondary schools for use in their educational programs, and for other purposes; to the Committee on Finance.

By Mr. GREGG:

S. 1793. A bill to amend the Tariff Act of 1930 to provide that the requirements relating to making imported articles and containers apply to fresh cut flowers; to the Committee on Finance.

By Mr. GREGG (for himself, Mr. REID, Mr. NICKLES, Mr. WARNER, Mrs. KASSEBAUM, Mr. THURMOND, Mr. SMITH, and Mr. BRYAN):

S. 1794. A bill to amend chapter 83 of title 5, United States Code, to provide for the forfeiture of retirement benefits in the case of any Member of Congress, congressional employee, or Federal justice or judge who is convicted of an offense relating to official duties of that individual, and for the forfeiture of the retirement allowance of the President for such a conviction; to the Committee on Governmental Affairs.

By Mr. ROTH:

S. 1795. A bill to restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence by requiring work, meet the health care needs of America's most vulnerable citizens, control welfare and medicaid spending, and increase State flexibility; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELMS:

S. 1789. A bill to amend the Social Security Act to deny the payment of Social Security and supplemental security income benefits to prisoners, and for other purposes; to the Committee on Finance.

THE PREVENTION OF PRISONER DOUBLE-DIPPING ACT

Mr. HELMS. Mr. President, a less formal but somewhat more revealing title for this bill would be "The Prevention of Prisoner Double-Dipping Act." A rose by any other name is still a rose and this bill is a winner by any name. It will save millions of dollars of the taxpayers' money and it will put a stop to the injustice of paying scarce Social Security disability benefits to prisoners charged with a felony who have been in jail for 30 or more days awaiting trial.

Current law prohibits payment of disability benefits to anyone in jail after conviction for a felony. A loophole permits prisoners to continue receiving benefits despite the fact that they are in jail if they have not yet been convicted of the crime charged. This bill will close that loophole.

Mr. President, I learned that prisoners are continuing to receive these benefits when Sheriff Mike Joyce of Stokes County, NC, wrote me earlier this year about it. Sheriff Joyce wrote to me about Earl Blevins, a career criminal and convicted murderer, who has been in Stokes County jail since December 16, 1995, awaiting trial on charges of larceny and breaking and entering. Incredibly, Blevins has been receiving disability payments since 1988, even though as Sheriff Joyce stated, Blevins obviously is healthy enough "to run from a bloodhound and hide up under leaves under a tree."

Until last month, when Blevins was convicted of unrelated felony charges in Surry County, he was receiving $450 per month in disability payments while Stokes County taxpayers were picking up the tab for his room and board and other care.

Mr. President, Sheriff Mike Joyce is a fine law enforcement officer. His outrage about the Federal Government's paying prisoner Blevins $450 per month in Social Security disability benefits while he is in jail awaiting trial on yet another felony charge, will be matched by the outrage of the public at large once they learn about it.

The point is this: Earl Blevins and other career criminals prey on law-abiding citizens. When they are apprehended, their food, clothing, shelter, and often their legal fees are paid for by the very citizens whom the criminals have victimized. It is unwarranted salt rubbed in the taxpayer's wounds that these predators are allowed by law to collect disability benefits while awaiting trial. This bill will change that law.

The purpose of Social Security disability payments is to provide a minimum income to beneficiaries in order to insure that they have access to food and shelter. A prisoner awaiting trial

is already being provided these needs and the taxpayers are paying the bill. Prisoners should not be allowed to "double-dip" into the pocket of taxpayers.

Mr. President, for the record, I reiterate that current law stops Social Security disability payments to anyone who has been convicted of a felony. It also stops payments to the criminally insane who are confined to a mental hospital. Other disability benefits, for example, SSI, are cut off to a recipient who is locked up for 30 or more days, even if they have not yet been brought to trial. My bill will simply apply the same policy to Social Security [OASDI] disability benefits that we now have for SSI disability benefits.

Mr. President, the existing situation brings to mind the case of Michael Hayes who cold-bloodedly killed four people and shot five others during a 1988 murder spree in Winston-Salem. After being confined to a State mental hospital, he began receiving over $500 a month in Social Security disability payments which he used to buy luxuries like leather coats, electronics, and even a motorcycle. Payments to Hayes finally stopped last year after the 103d Congress passed and the President signed my bill which I had offered in response to this outrage. It's now time for this Congress to act to stop further waste of Social Security funds.

Mr. President, let me make clear for the RECORD what the pending bill, the Prevention of Prisoner Double-Dipping act will do:

It will eliminate pretrial benefits to anyone charged with a felony who has been in jail for 30 or more days;

It will authorize $50,000,000 for the Social Security Office of Inspector General to increase the number of investigators and auditors pursuing charges of fraud against the SSA;

It will require SSA to make recommendations to insure the timely and accurate reporting of pre-trial felony detainees in order to stop benefits to those who will no longer qualify under this bill;

It will give the Commissioner of SSA the authority to make payments to State and local correctional facilities that report the receipt of benefits by those who are in custody;

It will give the SSA power to impose civil monetary penalties of up to $5,000 each time someone fraudulently uses a Social Security number or card, in addition to being subject to an assessment of up to five times the amount of disability benefits paid; and

It will require SSA to make recommendations to streamline the review and appeals process.

Mr. President, a few concluding thoughts: I expect some of my colleagues will raise concerns about the constitutionality of the Prevention of Prisoner Double-Dipping Act. I am confident that this legislation will easily pass constitutional muster because prisoners have no constitutional right to be paid while they are sitting in jail.

Second, although this bill is targeted towards prisoners, it is not punitive. These payments should be stopped because they are duplicative, not because Congress is imposing a punishment on the recipient. The payments would be stopped regardless of the ultimate finding of guilt.

Finally, stopping payments to a prisoner will have no effect on the payment of benefits to children and other dependents who are otherwise entitled to these or other benefits.

I do hope the Senate will expedite consideration of these common sense reforms of the Social Security Act and thereby, save millions of dollars that the taxpayer would otherwise have to provide.

Mr. President, I ask unanimous consent that the text of S. 1789 be printed in the RECORD.

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

S. 1789

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

SECTION 1. SHORT TITLE.

The short title of this Act may be cited as the "Prevention of Prisoner Double-Dipping Act".

SEC. 2. TREATMENT OF PRISONERS.

(a) DENIAL OF BENEFITS TO INDIVIDUALS JAILED ON FELONY CHARGES.—

(1) IN GENERAL.—Section 202(x)(1)(A) of the Social Security Act (42 U.S.C. 402(x)(1)(A)) is amended by striking "or" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", or", and by adding at the end the following new clause:

"(iii) is confined in a jail, prison, or other penal institution or correctional facility pursuant to a charge of an offense punishable by imprisonment for more than 1 year, but only with respect to months after the first 30 days of such confinement.".

(2) CONFORMING AMENDMENT.—Section 202(x)(1)(B)(i) of such Act (42 U.S.C. 402(x)(1)(B)(i)) is amended by striking "clause (i)" and inserting "clauses (i) and (iii)".

(3) STUDY OF METHODS TO INSURE THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(A) STUDY.—The Commissioner of Social Security shall conduct a study regarding methods to insure the timely and accurate reporting of information respecting court orders by which individuals described in section 202(x)(1)(A)(iii) of the Social Security Act (402 U.S.C. 402(x)(1)(A)(iii)) are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out section 202(x) and 1611(e)(1) of such Act (42 U.S.C. 402(x) and 1382(e)(1)).

(B) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this paragraph to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made for months beginning after the date of the enactment of this Act.

(b) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 202(x)(3) of the Social Security Act (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting "(A)" after "(3)"; and

(B) by adding at the end the following new subparagraph:

"(B)(i) The Commissioner is authorized to enter into a contract, with any interested State or local institution described in clause (i) or (ii) of paragraph (1)(A) the primary purpose of which is to confine individuals as described in paragraph (1)(A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner is authorized to pay to any such institution, with respect to each individual who is entitled to a benefit under this title for the month preceding the first month throughout which such individual is confined in such institution as described in paragraph (1)(A), an amount determined by the Commissioner.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract.".

(2) CONFORMING SSI AMENDMENTS.—Section 1611(e)(1) of such Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

"(I)(i) The Commissioner is authorized to enter into a contract, with any interested State or local institution referred to in subparagraph (A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out this paragraph; and

"(II) the Commissioner is authorized to pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit (or becomes eligible only for a benefit payable at a reduced rate) as a result of the application of this paragraph, an amount determined by the Commissioner.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract.".

SEC. 3. CIVIL MONETARY PENALTIES FOR FRAUDULENT USE OF SOCIAL SECURITY ACCOUNT NUMBERS AND CARDS.

(a) IN GENERAL.—Subsection (a) of section 1129 of the Social Security Act (42 U.S.C. 1320a-8) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) Any person who—

"(1) willfully, knowingly, and with intent to deceive, uses a social security account number assigned on the basis of false information provided by such person or another person;

"(2) with intent to deceive, falsely represents a number to be a social security account number;

"(3) knowingly alters a social security card;

"(4) buys or sells a card that is, or purports to be, a social security card;

"(5) possesses a social security card or counterfeit card with the intent to sell or alter such card; or

"(6) discloses, uses, or compels the disclosure of the social security account number of any person in violation of the law,

shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each offense. Such person also shall be subject to an assessment, in lieu of damages sustained by the United States because of such offense, of not more than 5 times the amount of benefits or payments paid under titles II and XVI as a result of such offense.".

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 1129(c) of such Act (42 U.S.C. 1320a-8(c)) is amended by striking "statements and representations" and inserting "actions".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to conduct occurring on or after the date of the enactment of this Act.

SEC. 4. ADDITIONAL RESOURCES TO COMBAT FRAUD IN THE SOCIAL SECURITY SYSTEM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Out of any money in the Treasury not otherwise appropriated, there are authorized to be appropriated, to remain available without fiscal year limitation, $50,000,000 for the Commissioner of Social Security through the Office of Inspector General to utilize only for increasing the number of investigators and auditors charged with pursuing charges of fraud against the programs under titles II and XVI of the Social Security Act.

(b) ADDITIONAL FUNDS.—Amounts appropriated under subsection (a) shall be in addition to any funds otherwise appropriated for the purposes described in subsection (a).

SEC. 5. STUDY REGARDING REVIEW AND APPEALS PROCESS.

(a) STUDY.—The Commissioner of Social Security shall conduct a study regarding methods to streamline the review and appeals process under title II and XVI of the Social Security Act.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this section to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

By Mr. McCONNELL:

S. 1790. A bill to amend the Controlled Substances Act to increase the penalties for the manufacture, distribution, and possession of marijuana, and for other purposes; to the Committee on the Judiciary.

THE ENHANCED MARIJUANA PENALTY ACT OF 1996

• Mr. McCONNELL. Mr. President, we are losing the battle against illegal drugs. All indicators point to a dramatic surge in drug use, especially by our most vulnerable citizens—children.

The President's 1996 drug strategy sent to Congress just a few weeks ago contains some very disturbing information:

Marijuana use is back on the rise, and among young people between the ages of 12 and 17, the use of marijuana has almost doubled between 1992 and 1994. One of every three high school seniors now smokes marijuana;

The number of heroin-related emergency room episodes in 1993 was double what it was in 1988, and for cocaine, emergency room episodes in 1994 were the highest ever;

Methamphetamine, once confined to the West and Southwest, is a scourge spreading across the country, including my own State of Kentucky. Last year, law enforcement officials seized five methamphetamine labs in Kentucky; in 1994, there were no such seizures;

Unless we tackle the drug problem anew, we risk producing a new generation of drug abusers. And the consequences of drug abuse are frightening: the spread of diseases like hepatitis, TB and HIV; social deviancy; lost productivity at the workplace; and a lot more crime, in particular violent crime.

Our Nation's drug problem is compounded by a lax attitude within segments of the enforcement agencies responsible for our antidrug laws. Recently, the Los Angeles Times reported that Immigration and Customs officials are handing out get-out-of-jail-free cards and letting drug dealers go unprosecuted.

Non-United States nationals are sent back to Mexico instead of being prosecuted. And, American citizens are being let go if it's their first offense or if the quantities of drugs aren't big enough. So, one pusher with 32 pounds of methamphetamine was set free and another with 37,000 quaaludes. One American was stopped at the border with 53 pounds of marijuana in January, 51 pounds in February and 41 pounds in May. He's only being prosecuted for this third offense, although he has a criminal history going back four decades.

It's not surprising that a President whose policy is "don't inhale" gives us a "don't enforce" antidrug policy.

This is simply unacceptable. It's evidence of an administration AWOL—absent without leadership.

Today, I am introducing a bill to increase the penalties for trafficking in marijuana, a drug that poses a grave threat to our young people. It is commonly known that marijuana impairs short-term memory, core motor functions and the ability to concentrate. But it also has long-term devastating effects:

Marijuana use causes chronic bronchitis, acute chest illness, heightened risk of pulmonary infection and lung disease;

Prenatal exposure to marijuana causes impaired intellectual ability in young children; in shorthand—low IQ babies; and

THC, the principal psychoactive ingredient, has been found in lab rats to be addictive.

And, who is smoking marijuana? Kids, more of them and at younger ages. The number of 12- to 17-year-olds using marijuana increased from 1.6 million in 1992 to 2.9 million in 1994. As the chart shows, more 8th, 10th, and 12th-graders are smoking marijuana and there is no indication that this trend is going to be reversed anytime soon.

A surprising fact is that more children smoke marijuana than have smoked five packs of cigarettes, as the second chart reveals. Five-point-seven percent of 12- to 15-year-olds report smoking cigarettes, but 6.6 percent report smoking marijuana. For older teens even more are smoking marijuana—20.5 percent smoke cigarettes and 26.1 percent smoke marijuana.

That is an astounding statistic: Teens are less likely to smoke cigaretts than marijuana, and fewer teens say smoking marijuana is risky. As young people soften their attitudes toward drugs, usage increases.

Not only is marijuana harmful in and of itself, but it is considered a gateway drug. Teenagers who use marijuana are 85 times more likely to use cocaine. Sixty percent of children who smoke marijuana before age 15 move on to cocaine.

My bill is very straightforward. It enhances the penalties for trafficking in marijuana. Current law creates a disparity in the mandatory minimums for heroin, cocaine and marijuana. My bill will eliminate the disparity by lowerng the threshold for the mandatory minimum sentences for refined marijuana. The third chart reflects the disparities.

Currently, an individual has to be caught with 1,000 kilos of marijuana, with a street value of as much as $10 million, in order to get the 10-year mandatory minimum. For cocaine, the threshold quantity and street value is much lower—only 5 kilos with a value between $420,000 and $750,000. For heroin, the threshold is 1 kilo, with a street value of $1.2 million. And growing 1,000 marijuana plants gets you the same 10-year mandatory minimum.

My bill will bring the threshold quantity for refined marijuana into line with the other drugs by lowering it from 1,000 kilos to 100 kilos for the 10-year mandatory minimum and from 100 kilos to 10 kilos for the 5-year mandatory minimum.

The bill also directs the Sentencing Commission to conform its guidelines to this change.

Last summer, this Sentencing Commission effectively lowered the penalties for marijuana trafficking, for quantities less than the thresholds for mandatory minimums. It's time we reversed that misguided action and this bill will ensure that the Sentencing Commission does just that.

Some will argue that prosecutors have more pressing matters than to chase every marijuana dealer selling as

little as 10 kilos. As the Los Angeles Times reported, Federal prosecutors in southern California don't think it's worth their effort to prosecute for quantities of less than 125 pounds, an amount that should get a drug trafficker about 3 years in a Federal prison.

But I would argue just the opposite. Marijuana is doing irreparable harm to our kids and we've got to put the people who sell to our children out of business and behind bars. Ten kilos of marijuana is 22 pounds, with a street value of about $100,000. That amount of marijuana will reach a lot of teenagers in small, but harmful quantities.

Mr. President the time has come to admit that we have a serious marijuana problem among our teens. I say it's worth protecting the future of our children by locking up the pushers. Let's toughen the penalties and send a message to the drug dealers that we won't tolerate it anymore. And let's tell Federal prosecutors it's their job to send these outlaws to prison. What can be worth more than saving our next generation?

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

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

S. 1790

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Enhanced Marihuana Penalty Act of 1996".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the number of children in the United States between 12 and 17 years of age using marihuana increased from 1,600,000 in 1992 to 2,900,000 in 1994, which constitutes an 80-percent increase;

(2) currently, one-third of all high school seniors smoke marihuana;

(3) the perception of the dangers of using marihuana is declining among youthful marihuana smokers;

(4) scientific research has demonstrated that—

(A) marihuana impairs short-term memory, core motor functions, and the ability to concentrate;

(B) THC, the principal psychoactive ingredient of marihuana, may cause drug dependency;

(C) regular marihuana use may cause chronic bronchitis, increased frequency of acute chest illness, heightened risk of pulmonary infection, and lung disease; and

(D) prenatal exposure to marihuana may cause impaired intellectual ability in young children;

(5) children between the agency of 12 and 17 who use marihuana are 85 times more likely to use cocaine than children who do not use marihuana;

(6) there are 39,000,000 children in the United States who are younger than 10 years old, and neglect of our Nation's marihuana problem will lead to the creation of a new generation of drug abusers, prone to criminal and other socially deviant behavior; and

(7) existing penalties for trafficking in marihuana are inadequate to deter those who sell marihuana to our Nation's most vulnerable citizens.

SEC. 3. PENALTIES.

(a) CONTROLLED SUBSTANCES ACT.—Section 401(b)(1) of the Controlled Substances Act (21 U.S.C. 841(b)(1)) is amended—

(1) in subparagraph (A)(vii), by striking "1000 kilograms" and inserting "100 kilograms";

(2) in subparagraph (B)(vii), by striking "100 kilograms" and inserting "10 kilograms"; and

(e) in subparagraph (D), by striking "50 kilograms" and inserting "10 kilograms".

(b) CONTROLLED SUBSTANCES IMPORT AND EXPORT ACT.—Section 1010(b) of the Controlled Substances Import and Export Act (21 U.S.C. 960(b)) is amended—

(1) in paragraph (1)(G), by striking "1000 kilograms" and inserting "100 kilograms";

(2) in paragraph (2)(G), by striking "100 kilograms" and inserting "10 kilograms"; and

(e) in paragraph (4), by striking "50 kilograms" and inserting "10 kilograms".

SEC. 4. AMENDMENT OF SENTENCING GUIDELINES.

The United States Sentencing Commission shall amend the Federal Sentencing Guidelines to reflect the amendments made by this Act.

TRENDS IN HIGH SCHOOL MARIJUANA USE [1]

[In percent]

Grade	1992	1993	1994	Increase
12th	11.9	15.5	19.0	+60
10th	8.1	10.9	15.8	+95
8th	3.7	5.1	7.8	+110

[1] Students reporting use within past 30 days.

Source: Monitoring the Future, December 1994.

PREVALENCE OF DRUG USE

[Percent who have ever used]

	Youths 12–15	Youths 16–17	Adults 18+
Cigarettes [1]	5.7	20.5	52.1
Alcohol	35.1	69.3	88.9
Marijuana	6.6	26.1	35.4
Any illicit drug	13.7	33.1	38.9
Any drug except marijuana	10.5	18.5	21.2
Cocaine	1.0	5.3	12.5

[1] These percentages include only individuals who have smoked at least 100 cigarettes (5 packs).

Source: Gateways to Illicit Drug Use, Center on Addiction and Substance Abuse at Columbia University (10/94).

DISPARITY IN CURRENT PENALTIES FOR MARIJUANA TRAFFICKING

Drug	Quantity	Street value [1]	Mandatory minimum (yrs.)
Cocaine	[2] 5	$420k to $750K	10
Heroin	[2] 1	$1.2 million	10
Marijuana	[2] 1,000	$10 million	10
Plants	1,000		10
Cocaine	[2] 500	$42k to $75K	5
Heroin	[2] 100	$121 million	5
Marijuana	[2] 100	$1 million	5
Plants	100		5

[1] Street values bases System to Retrieve Information from Drug Evidence (STRIDE) by Abt Associates, Inc., 9/13/95 Report: Cocaine $84 to $150 per gram; Heroin $1210 per gram; Marijuana $10 per gram.

[2] Kilogram.•

By Mr. SIMPSON (for himself and Mr. ROCKEFELLER):

S. 1791. A bill to increase, effective as of December 1, 1996, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans, and for other purposes; to the Committee on Veterans Affairs.

THE VETERANS' COMPENSATION COST-OF-LIVING ADJUSTMENT ACT OF 1996

• Mr. SIMPSON. Mr. President, it is a pleasure for me, as chairman of the Senate Committee on Veterans' Affairs, to introduce, and comment briefly on, legislation to grant to recipients of compensation, and dependency and indemnity compensation [DIC] benefits, from the Department of Veterans Affairs [VA] a cost of living adjustment [COLA] increase to take effect at the beginning of next year. This legislation is appropriate and warranted—even as we proceed this very week to debate budget reconciliation.

Mr. President, let me assure this body that the Committee on Veterans' Affairs will meet the reconciliation targets that the Congress ultimately adopts. Indeed, I expect that I will offer amendments to this bill—with the bipartisan support of the Committee on Veterans' Affairs—once we receive reconciliation instructions from the Congress as an whole. No one need fear that I have lost my zeal for gaining control over entitlement spending; I surely have not. Nonetheless, I believe that the recipients of veteran's benefits ought to receive a COLA—and they can receive such a COLA even as we progress on a path to a balanced budget. We can balance the budget, and simultaneously treat our veterans, and their survivors, with fairness and compassion.

This bill is simple and straightforward. It would grant to recipients of certain VA benefits—most notably, veterans with service-connected disabilities who receive VA compensation, and the surviving spouses and children of veterans who have died as a result of service-connected injuries or illnesses, who receive dependency and indemnity compensation—the same COLA that Social Security recipients will receive. So, for example, if Social Security recipients receive a 2.6-percent adjustment at the beginning of next year, then so too would the beneficiaries of VA compensation and DIC.

Last year, the committee's COLA bill put into effect certain modifications, as approved by the Committee on Veterans' Affairs, on how COLA's are computed. For example, our 1996 COLA contained a "round down" feature. To summarize, Mr. President, VA benefits are paid in round dollar amounts. As a result, when a round dollar benefit amount—say, as an example, the current benefit of $266 per month going to a 30 percent disabled veteran—is multiplied by a consumer price index percentage of, say, 2.6-percent, it almost invariably yields a mathematical product that is not a round dollar amount. In the case of a $266 benefit check, for

example, a 2.6-percent increase would yield a nonrounded number of $272.92.

VA practice, in the past, has been to "round up" fractional dollar amounts of $0.50 or more, and "round down" fractional dollar amounts of $0.49 or less. So, in the above case, a 30-percent disabled veteran would get a monthly check next year of $273 under past practice. Last year's COLA bill directed VA to "round down" in all cases, so, in the above example, a 30-percent disabled veteran would get a monthly check of $272.

It may happen, Mr. President, that the Committee on Veterans' Affairs will again elect to direct that VA "round down" as part of a package of measures approved to reach whatever reconciliation targets Congress ultimately adopts. Indeed, it is, perhaps, likely that we will approve such a measure since rounding down is a relatively painless way to achieve some fairly significant savings over the long term. Such a measure—which would cost no VA beneficiary more than $1 per month—would save, according to the Congressional Budget Office, almost $500 million over a 6-year period.

Be that as it may, Mr. President, the Committee on Veterans' Affairs will "cross the bridge" of identifying how it will meet its reconciliation targets once it has received those targets. In the meantime, I want to assure all by the introduction of this COLA bill that the Committee on Veterans' Affairs fully anticipated approving a COLA bill this year—just as it did last year when I was honored to assume the chairmanship of the committee.

The rounding down provision that the committee approved last year serves as an excellent example of the sort of measures that are available to assist in balancing the budget. I do not suggest that it will be easy to reach that goal. But the availability of real savings from measures like a simple rounding down of a COLA ought to strengthen the resolve of each of us to get that vital job done. In the Veterans' Committee, we expect that we will be directed to find ways to reduce the growth in VA's mandatory budget accounts by over $5 billion in 6 years. We will find ways to meet that goal. And no veteran, or veterans' survivor, will suffer inordinate harm as a result. Despite the inaccurate, unfair, unfounded, and, yes, partisan pronouncements of the Secretary of Veterans Affairs, and despite what veterans, and Senators, have heard from service organizations, "crying wolf," we will not cut veterans benefits. We never have.

We do not need to cut veterans benefits in order to balance the budget. Nor do we need to endure the cuts—real cuts, not just reductions in the growth rate—in veterans health care spending proposed by the President in order to achieve a balanced budget. We can keep faith with our veterans and balance the budget. As Chairman of the Veterans' Affairs Committee, that is what I intend to do.

Mr. President, I appreciate the time that has been afforded me to address this subject.

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

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

S. 1791

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans' Compensation Cost-of-Living Adjustment Act of 1996".

SEC. 2. INCREASE IN COMPENSATION RATES AND LIMITATIONS.

(a) IN GENERAL.—(1) The Secretary of Veterans Affairs shall, as provided in paragraph (2), increase, effective December 1, 1996, the rates of and limitations on Department of Veterans Affairs disability compensation and dependency and indemnity compensation.

(2) The Secretary shall increase each of the rates and limitations in sections 1114, 1115(1), 1162, 1311, 1313, and 1314 of title 38, United States Code, that were increased by the amendments made by the Veterans' Compensation Cost-of-Living Adjustment Act of 1995 (Public Law No. 104–57, 109 Stat. 555). This increase shall be made in such rates and limitations as in effect on November 30, 1996, and shall be by the same percentage that benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 1996, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(b) SPECIAL RULE.—The Secretary may adjust administratively, consistent with the increases made under subsection (a)(2), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 (72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(c) PUBLICATION REQUIREMENT.—At the same time as the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(O)) are required to be published by reason of a determination made under section 215(i) of such Act during fiscal year 1996, the Secretary shall publish in the Federal Register the rates and limitations referred to in subsection (a)(2) as increased under this section.•

By Mrs. BOXER (for herself and Mr. CHAFEE):

S. 1792. A bill to amend the Internal Revenue Code of 1986 to allow companies to donate scientific equipment to elementary and secondary schools for use in their educational programs, and for other purposes; to the Committee on Finance.

THE COMPUTER DONATION INCENTIVE ACT OF 1996

• Mrs. BOXER. Mr. President, 10 weeks ago, thousands of volunteers throughout California helped make NetDay 96 one of the most successful 1-day public projects in history. At the time, we all noted that this electronic barn-raising could be a turning point in educational history—but only if we followed through with other steps to help our children travel the information superhighway.

I would like to take one such step by announcing the Computer Donation Incentive Act of 1996.

This important piece of legislation—which my colleague Senate CHAFEE and I are introducing in the Senate, and my friend ANN ESHOO is introducing in the House—will change the Federal Tax Code in order to promote gifts of computer hardware, software, and expertise to our Nation's schools.

The Computer Donation Incentive Act will provide a greater tax deduction than is currently available for donations of nearly new computers to elementary and secondary schools for educational purposes.

The amount of the deduction for computer manufacturers is equal to their manufacturing costs plus half the difference between those costs and the selling price. So, if the manufacturing cost is $400 and the selling price is $700, then the manufacturer would receive a tax deduction of $550.

For nonmanufacturers, the deduction is based on the computer's purchase price minus depreciation. For example: if a company buys a computer for $2,000, take a depreciation of $400 1 year and gives the computer to a school the next year, then the company can take a deduction of $1,600.

The Boxer-Chafee-Eshoo bill will also provide the same deduction for businesses who give computers to libraries, recreational centers and other public institutions, or to nonprofit organizations that refurbish computers and then give them to schools.

The successful education of America's children is now closely linked to the use of innovative educational technologies, particularly computer-aided research and instruction. Unfortunately, far too many classrooms lack the computers they need to take advantage of these new educational tools.

NetDay 96 was an important step forward in meeting this challenge. By all accounts, it was tremendous success. Taking inexpensive cooper wire and priceless expertise, computer technicians worked with parents, students, faculty, and staff at each school to connect classrooms, libraries, and computer labs to the Internet. By the end of the day, hundreds of public and private schools were wired into the Net.

But the very success of NetDay brought up another problem for most of our schools: If young students are to have access to the Information Superhighway, what are they going to drive?

In Sylvandale, CA, for example, NetDay volunteers installed three Internet connections in each of a school's 40 classrooms. Counting the library and computer lab, this particular school now has 190 potential Internet connections. However, only four of the

school's computers are powerful enough to access the Internet; so there are only four active connections out of 190.

If schools cannot get computers into the classrooms, and if they can't get expert help to get up and running, then they will not really have access to the Internet. At a time when public schools in California and around the country are struggling to buy up-to-date textbooks and maintain school buildings, classroom computers may seem hopelessly out of reach. As a result, public schools lag far behind private schools in computer use.

Current tax laws provide no incentives for businesses to donate computers to public schools. As a matter of fact, the Federal Tax Code actually discourages companies from giving to public schools.

Section 170(e)(4) of the Federal Tax Code allows computer manufacturers to take a reasonable deduction when they donate computers to universities for scientific or research purposes. Following a recent IRS ruling, manufacturers can also take this deduction for gifts to private elementary and secondary schools—but not for gifts to public elementary and secondary schools. Moreover, a manufacturer who donates a computer to a public college can now take the deduction if the computer is used only for advanced research but not if it is used for other teaching purposes.

To make matters worse, only computer manufacturers are eligible for the higher education. Computer dealers and distributors, along with many other businesses, get no tax incentive to do this.

Section 170(e)(4) was written in 1981—before the explosion of computer-based technology made computer literacy a must for every American student. I know that the authors of this provision did not mean to exclude public schools from the computer revolution; they just could not foresee the day when every school would need computers.

The Boxer-Chafee bill will revise this archaic section of the Tax Code. Our Computer Donation Incentive Act is designed to give donations for educational purposes the same tax break as those for scientific research purposes. It will allow businesses to give to public and private elementary and secondary schools as well as institutions of higher learning and still receive the tax break. And it will encourage donations from software producers, computer distributors, and other companies as well as hardware manufacturers.

Along with computers and software, businesses should also donate their expertise, providing the training required to bring our schools fully on-line—and we challenge them to do so. Teachers and students both need such training in order to integrate computer-based lessons into their basic curriculum.

The Computer Donation Incentive Act will provide a reasonable incentive for businesses to donate computers to the schools. Again, I would like to emphasize that these must be nearly new computers; those donated by manufacturers must be no more than 2 years old, and those donated by nonmanufacturers must be 3 years old or less.

It is my hope that computer manufacturers and other companies will take advantage of this incentive to make computer literacy a reality for elementary and secondary school students.

Neither a day of electronic barn-building nor an adjustment to the Tax Code can solve all our educational problems or even make every student computer-literate for the next century. But together, each initiative we take will help provide our students with the tools they need to drive on the information Superhighway and compete in a global information-based economy.

Mr. President, I ask unanimous consent that this bill be inserted in the RECORD.

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

S. 1792

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

SECTION 1. CHARITABLE CONTRIBUTIONS OF SCIENTIFIC EQUIPMENT TO ELEMENTARY AND SECONDARY SCHOOLS.

(a) IN GENERAL.—Subparagraph (B) of section 170(e)(4) of the Internal Revenue Code of 1986 is amended to read as follows:

"(B) QUALIFIED RESEARCH OR EDUCATION CONTRIBUTION.—For purposes of this paragraph, the term 'qualified research or education contribution' means a charitable contribution by a corporation of tangible personal property (including computer software), but only if—

"(i) the contribution is to—

"(I) an educational organization described in subsection (b)(1)(A)(ii),

"(II) a governmental unit described in subsection (c)(1), or

"(III) an organization described in section 41(e)(6)(B),

"(ii) the contribution is made not later than 3 years after the date the taxpayer acquired the property (or in the case of property constructed by the taxpayer, the date the construction of the property is substantially completed),

"(iii) the property is scientific equipment or apparatus substantially all of the use of which by the donee is for—

"(I) research or experimentation (within the meaning of section 174), or for research training, in the United States in physical or biological sciences, or

"(II) in the case of an organization described in clause (i) (I) or (II), use within the United States for educational purposes related to the purposes or function of the organization,

"(iv) the original use of the property began with the taxpayer (or in the case of property constructed by the taxpayer, with the donee),

"(v) the property is not transferred by the donee in exchange for money, other property, or services, and

"(vi) the taxpayer receives from the donee a written statement representing that its use and disposition of the property will be in accordance with the provisions of clauses (iv) and (v)."

(b) DONATIONS TO CHARITY FOR REFURBISHING.—Section 170(e)(4) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"D) DONATIONS TO CHARITY FOR REFURBISHING.—For purposes of this paragraph, a charitable contribution by a corporation shall be treated as a qualified research or education contribution if—

"(i) such contribution is a contribution of property described in subparagraph (B)(iii) to an organization described in section 501(c)(3) and exempt from Taxation under section 501(a),

"(ii) such organization repairs and refurbishes the property and donates the property to an organization described in subparagraph (B)(i), and

"(iii) the taxpayer receives from the organization to whom the taxpayer contributed the property a written statement representing that its use of the property (and any use by the organization to which it donates the property) meets the requirements of this paragraph."

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (4)(A) of section 170(e) of the Internal Revenue Code of 1986 is amended by striking "qualified research contribution" each place it appears and inserting "qualified research or education contribution".

(2) The heading for section 170(e)(4) of such Code is amended by inserting "OR EDUCATION" after "RESEARCH".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.•

By Mr. GREGG:

S. 1793. A bill to amen the Tariff Act of 1930 to provide that the requirement relating to making imported articles and containers apply to fresh cut flowers; to the Committee on Finance.

THE TARIFF ACT OF 1930 AMENDMENT ACT OF 1996

• Mr. GREGG. Mr. President, I introduce legislation to amend the Tariff act of 1930, to provide that the requirements relating to marking imported articles and containers will apply to fresh cut flowers as well. Under current law and commercial practices, unlike other imported goods, flowers are not required to be labeled with country of origin. It is my belief that consumers have the right to know this information when they shop for flowers.

U.S. law requires that merchandise imported into the United States be marked with country of origin information. This marking must be "conspicuously, legibly, and permanently marked in English" (19 U.S.C. 1304). Unfortunately, this act also grants the Secretary of the Treasury authority to exempt certain items from these requirements flowers are among the items that have been exempted. My bill would revoke this regulatory exemption.

The result is that the boxes or sleeves in which imported flowers are shipped are required to be marked only at the point of entry and no further. Often, before resale to consumers, flowers are taken out of boxes either by importers, wholesalers or retailers. In

many cases, even the retailer from whom flowers are purchased is unaware of the product's origin. Domestic fresh cut flower producers have had a natural advantage over importers with respect to freshness due to their proximity to local markets. Quite simply, domestic flowers last longer and they are grown in conformance with strict U.S. pesticide laws as well. United States consumers should be able to choose to purchase fresh, long-lasting domestic cut flowers produced under strict pesticide controls. Historically, however, without a means of distinguishing their product, domestic growers have found it difficult to promote to consumers and handlers the freshness of their flowers, or warn of hazardous pesticide residues on imported flowers.

The legislation I am introducing today will not place an undue burden on retailers or wholesalers. I'm sure all of us, when we shop for groceries, have seen perishable products routinely labeled either by sticker or a simple sign by the product. This legislation would also provide our domestic growers, who enjoy advantages of proximity to the market and the controlled environment of the greenhouse a valuable means of distinguishing their fresh product from imported flowers that are several days old and potentially grown under lax pesticide laws.

Mr. President, I ask unanimous consent that the provisions of my bill be printed in the RECORD.

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

S. 1793

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

SECTION 1. MARKING OF FRESH CUT FLOWERS.

(a) IN GENERAL.—Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) is amended—

(1) by redesignating subsections (f), (g), (h), and (i) as subsections (g), (h), (i), and (j), respectively; and

(2) by inserting after subsection (e) the following new subsection:

"(f) MARKING OF CUT FLOWERS.—Notwithstanding any other provision of law, no exception may be made under subsection (a)(3) with respect to fresh cut flowers described in or classified under superior heading 0603, or subheading 0603.10, 0603.10.30, 0603.10.60, 0603.10.70, or 0603.10.80 of the Harmonized Tariff Schedule of the United States, as in effect on January 1, 1996. The Secretary of the Treasury shall, by regulation, assure such fresh cut flowers are labeled, marked, or otherwise clearly identified at the retail level as to their country of origin.".

(b) EFFECTIVE DATE.—The amendments made by this section applies to articles entered, or withdrawn from warehouse for consumption, on the date that is 15 days after the date of the enactment of this Act.•

By Mr. GREGG (for himself, Mr. REID, Mr. NICKLES, Mr. WARNER, Mrs. KASSEBAUM, Mr. THURMOND, Mr. SMITH, and Mr. BRYAN):

S. 1794. A bill to amend chapter 83 of title 5, United States Code, to provide for the forfeiture of retirement benefits in the case of any Member of Congress, congressional employee, or Federal justice or judge who is convicted of an offense relating to official duties of that individual, and for the forfeiture of the retirement allowance of the President for such a conviction; to the Committee on Governmental Affairs.

THE CONGRESSIONAL, PRESIDENTIAL, AND JUDICIAL PENSION FORFEITURE ACT

• Mr. GREGG. Mr. President, I introduce legislation which is, unfortunately, a necessary measure. Even its name—the Congressional, Presidential, and Judicial Pension Forfeiture Act—does not give any of us a good feeling. However, I do not introduce this bill apologetically, because I believe there is a compelling need to enact these changes in order to regain public confidence and trust in elected officials and top federal appointees.

I urge all of my distinguished colleagues to examine this bill and to ask themselves the same kinds of questions the American people have been asking for a long time. "Why are Members of Congress not held accountable for their decisions, and more importantly for their wrongdoing? Why do they seem to think they are above the people who elected them, and even sometimes above the law?"

Recent events have only confirmed such cynicism. I'm sure none of us would like to be reminded of the embarrassment caused by these scandals, which are representative of an increasing trend of privilege abuse. Thirty-four Members have served felony prison sentences since 1900, 13 of those in the last decade. Perhaps we need a deterrent, a statutory deterrent—such as the Congressional, Presidential, and Judicial Pension Forfeiture Act—which would cause those who may be tempted to abuse the privileges of public service to think twice before exploiting those powers. More importantly, this bill is also aimed at establishing a commonsense approach to fair play in the use of taxpayers' money—an approach that the public understands instinctively but to which Congress has yet to conform.

This bill would deny congressional pensions to any Members who commit specified felony crimes during their term in office. The crimes relate directly to the execution of congressional duties and were taken from a compilation of Federal ethics laws prepared by the Committee on Government Affairs. These crimes are acts which we all know are wrong, and for which any American citizen would pay dearly in a court of law. Yet we as, Members of Congress, were elected on the basis of integrity and character and, as such, we should hold ourselves to higher ethical standards than the average citizen. This is true in the military, whose officers, if convicted in a court-martial, lose their pensions for serious wrongdoing. We should ask ourselves if we, too, should submit to the kind of standards worthy of our offices. I think we should.

Mr. President, the question here is accountability. How accountable do we perceive ourselves as being for the decisions we make? While we would never deny that we all make mistakes—and our constituents would never expect us to be perfect—the American people do have a right to expect that we serve them honorably, with a strong mind, and with a clear conscience. More specifically, they have a right to expect that we perform our duties free of corruption. Therefore, I strongly urge all of you to consider the source of public cynicism and the bad image which Government has recently acquired. Sixty-six percent of eligible American voters decide to stay home on election night, not because they would rather watch TV, but because they have lost faith in their elected officials—in us—and in the importance of their votes in a democratic system they no longer feel is responsive to them. And this time, it is not about issues; it is about accountability. None of us would claim here on the floor of the Senate that we do not hold ourselves accountable for our own actions. Hopefully, my colleagues will agree to support this bill as a step toward regaining the respect and the trust of the American people.

Finally, I would like to thank Senators REID and NICKLES, who have been working independently on this issue and are joining me today in introducing this bill. Also, I would like to thank my colleagues who have come forward and have demonstrated their support for the bill by becoming original cosponsors. It is gratifying, and I am very honored, to have my distinguished colleagues, from both sides of the aisle, joining me on this issue.•

By Mr. ROTH:

S. 1795. A bill to restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence by requiring work, meet the health care needs of America's most vulnerable citizens, control welfare and Medicaid spending, and increase State flexibility; to the Committee on Finance.

THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY ACT OF 1996

• Mr. ROTH. Mr. President, today is the day we have reached the top of a great divide. We can clearly see both what lies ahead and that which is behind us. Today is the day we decide whether we dare to press forward and change a welfare system that is crippling children and families.

Today is a day of contrasts—39 months ago, President Clinton promised the Nation's Governors and the American people that he would end welfare as we know it. Nothing happened.

He abandoned welfare reform and instead pursued a misguided attempt to take Government control over the world's finest health care system. It didn't work.

Today, the Republicans in the House and Senate are introducing legislation which will deliver on the promise of welfare reform and which will protect the health benefits of needy families as they move from welfare to work. Today we are introducing welfare and Medicaid reform based on the bipartisan recommendations of the Nation's Governors. While the Clinton administration has pursued policies of national control from Washington, we believe the future of these programs belong in the States.

Without even having seen our proposal, President Clinton labeled Medicaid reform a "poison pill." We think it is good medicine. Under our proposal, Federal spending for the Medicaid program will total $371 billion over the next 6 years. This represents an average annual growth rate of 6.5 percent between 1996 and 2002 while still achieving savings of $72 billion compared to current law.

But $371 billion represents many important things in addition to how much the Federal Government will choose to spend on the third largest domestic program in the Federal budget.

It represents bipartisan compromise.

It represents the future of how Government will work to help families escape welfare dependency.

And it represents the future of governmental relationships in our constitutional system of federalism.

First, $371 billion represents an important element of compromise in the political process. In the budget negotiations with President Clinton last December, the Republican leadership recommended Medicaid savings of $85 billion. During the negotiations, President Clinton wanted to reduce the savings level for Medicaid to $59 billion. At that time, there was a recognition by the administration that Medicaid spending indeed was out of control. For example, between 1994 and 1995, total Federal outlays grew by 3 percent.

But Medicaid spending grew nearly three times as fast.

On a number of occasions, the administration has indicated that the President intends to reduce Medicaid spending by $59 billion.

The President's fiscal year 1997 budget released in March includes saving of $55 billion.

Thus, by setting Medicaid spending at $371 billion, we are meeting President Clinton halfway. The difference between us is now $13 billion. This is less than 2 percent of the total Federal Medicaid spending over the next 6 years. This is a difference of 16 cents per Medicaid recipient per day.

When President Clinton vetoed the Balanced Budget Act of 1995, he argued that the Medicaid budget savings cut too deeply.

The adoption of today's budget resolution and the introduction of this legislation clearly demonstrates that the debate over Medicaid is not about spending. The issue is, who will control the spending, Washington, or the States?

In February, the Nation's Governors unanimously adopted a proposal to restructure the Medicaid Program. Democratic and Republican Governors alike have called upon the President and Congress to dramatically change the Medicaid Program.

The Medicaid proposal we are introducing reflects the Governors' policies, including guarantees for children, pregnant women, the elderly, and persons with disabilities.

Together, the Democratic and Republican Governors have testified before Congress that budget savings should be between $59 and $85 billion. The Republican proposal of $72 billion in savings reflects this spirit of bipartisan compromise and is the midpoint of these savings figures.

The Medicaid debate therefore is about policy, not budget. Medicaid is the largest welfare program and must be part of the solution for moving families from welfare to work. It costs more than the AFDC, Food Stamp, and SSI Programs combined.

The growths in the welfare programs are intimately linked to Medicaid. Medicaid is the nucleus of authentic welfare reform.

The Nation's Governors support reform and share the common goal to end the status quo. Democratic and Republican Governors have forged a bipartisan blueprint for reform.

Our legislation reflects the principles and framework of the Governors' proposals and meets their goals.

Nearly everyone, including President Clinton, recognizes that the welfare system is broken and must be fixed. The Governors, Democratic and Republican alike, know that Medicaid and welfare were in the same car wreck and both require major reconstructive surgery as soon as possible.

The Governors understand there are major problems in the Medicaid Program. To begin with, Medicaid is an all-or-nothing proposition.

A person either qualifies for all Medicaid benefits or no Medicaid benefits. There is no flexibility in the current system to provide benefits tailored to a family's needs.

As such, the welfare system often creates disincentives to work and gross inequities for low-income working families, many of whom have no other way to provide health care for their children.

For the individual, the current Medicaid program is often self-defeating as it encourages dependency. Many proud families can describe what they are forced to do to acquire and maintain Medicaid coverage.

If a family's income rises above the eligibility level by just $1, the entire Medicaid package is taken away.

Medicaid performs as it was designed 30 years ago—$731 billion therefore represents a new opportunity to refocus our welfare programs to help the present and future generations to escape dependency.

Governors know that Medicaid is a critical link in moving families from welfare to work. They understand it can be difficult to convince a family that work pays more than welfare if the price includes the loss of their health insurance.

The Medicaid current program discourages expansion of coverage and innovation.

There is little flexibility or reward for the States to experiment with ways of improving access to care.

The Governors have testified how their ideas to cover more families have been stopped cold by Federal rules and regulations.

The bureaucracy often thwarts targeting of benefits which, for example, could be more effective in lowering infant mortality rates.

Medicaid lags far behind the private sector in adopting progressive managed care strategies which have saved employers and working families billions of dollars.

Two-thirds of the people covered by employer-sponsored health plans today are enrolled in some type of managed care plan.

In contrast, only about one-quarter of the Medicaid recipients are in any form of managed care.

Medicaid contains a number of barriers to managed care.

For example, Florida is facing major disruptions in its entire Medicaid system because two of its best HMO's do not meet Medicaid's "75/25" requirements.

Freed from the choke hold of the Federal bureaucracy, States will be able to harness their enormous purchasing power to improve the delivery of services at lower costs.

The central issue of the pending Medicaid debate is who can best design a State's public health insurance program—the Federal bureaucracy or the States?

The idea that the children and elderly citizens in a State must be protected from their Governor and State legislators is not only wrong.

Mr. President, it is insulting.

Finally, slowing the rate of growth represents a fundamental decision about the future of federalism. Our elected State officials are hostages to the demands of the current Medicaid Program. The Federal-State partnership cannot survive the skyrocketing cost of the Medicaid Program which ricochets throughout State budgets.

For example, in 1990, Medicaid replaced higher education as the second largest State spending category, exceeded only by elementary and secondary education.

In 1987, elementary and secondary education accounted for 22.8 percent of State spending. Medicaid took 10.2 percent of State spending.

According to the latest report issued by the National Association of State Budget Officers, the share of State spending for elementary and secondary education has declined to 20.9 percent while Medicaid's share has nearly doubled to 19.2 percent.

If present trends continue, Medicaid will soon pass elementary and secondary education as the largest item in State budgets.

Medicaid has seized the power of decisionmaking from State officials. It is simply draining resources from other priorities.

As summarized by the State budget officers' report, "Medicaid * * * continues to limit the ability of decisonmakers to use the budget as a tool for implementing public policy."

Last January, President Clinton proclaimed an end to big government. Nothing could demonstrate a true allegiance to this pledge better than to return the responsibility and authority for welfare programs to the States.

In sum, the critical difference between President Clinton and the Republicans is not about the level of Medicaid spending.

Mr. President, the difference lies in the vision of the proper roles of Government and in the faith of the American people to govern themselves.●

ADDITIONAL COSPONSORS

S. 327

At the request of Mr. HATCH, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 327, a bill to amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

S. 582

At the request of Mr. HATFIELD, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 582, a bill to amend title 28, United States Code, to provide that certain voluntary disclosures of violations of Federal laws made pursuant to an environmental audit shall not be subject to discovery or admitted into evidence during a Federal judicial or administrative proceeding, and for other purposes.

S. 684

At the request of Mr. HATFIELD, the names of the Senator from Washington [Mr. GORTON], and the Senator from Indiana [Mr. COATS] were added as cosponsors of S. 684, a bill to amend the Public Health Service Act to provide for programs of research regarding Parkinson's disease, and for other purposes.

S. 704

At the request of Mr. SIMON, the name of the Senator from Florida [Mr. GRAHAM] was added as a cosponsor of S. 704, a bill to establish the Gambling Impact Study Commission.

S. 814

At the request of Mr. MCCAIN, the names of the Senator from North Dakota [Mr. DORGAN], the Senator from New Mexico [Mr. BINGAMAN], and the Senator from Minnesota [Mr. WELLSTONE] were added as cosponsors of S. 814, a bill to provide for the reorganization of the Bureau of Indian Affairs, and for other purposes.

S. 1578

At the request of Mr. FRIST, the names of the Senator from Mississippi [Mr. LOTT], the Senator from Wyoming [Mr. THOMAS], and the Senator from Kansas [Mr. DOLE] were added as cosponsors of S. 1578, a bill to amend the Individuals with Disabilities Education Act to authorize appropriations for fiscal years 1997 through 2002, and for other purposes.

S. 1610

At the request of Mr. BOND, the names of the Senator from Idaho [Mr. CRAIG] and the Senator from Alabama [Mr. SHELBY] were added as cosponsors of S. 1610, a bill to amend the Internal Revenue Code of 1986 to clarify the standards used for determining whether individuals are not employees.

S. 1735

At the request of Mr. PRESSLER, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 1735, a bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1743

At the request of Mr. BINGAMAN, the names of the Senator from Utah [Mr. HATCH] and the Senator from Texas [Mr. GRAMM] were added as cosponsors of S. 1743, a bill to provide temporary emergency livestock feed assistance for certain producers, and for other purposes.

S. 1756

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 1756, a bill to provide additional pension security for spouses and former spouses, and for other purposes.

S. 1757

At the request of Mr. FRIST, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1757, a bill to amend the Developmental Disabilities Assistance and Bill of Rights Act to extend the Act, and for other purposes.

SENATE RESOLUTION 255

At the request of Mr. BIDEN, his name was added as a cosponsor of Senate Resolution 255, a resolution to honor Adm. Jeremy M. "Mike" Boorda.

AMENDMENT NO. 3995

At the request of Mr. DOMENICI, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of amendment No. 3995 proposed to S. Con. Res. 57, an original concurrent resolution setting forth the congressional budget for the U.S. Government for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

AMENDMENT NO. 4001

At the request of Mr. BYRD, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of amendment No. 4001 proposed to S. Con. Res. 57, an original concurrent resolution setting forth the congressional budget for the U.S. Government for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

AMENDMENT NO. 4019

At the request of Mr. DOMENICI, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of amendment No. 4019 proposed to S. Con. Res. 57, an original concurrent resolution setting forth the congressional budget for the U.S. Government for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

AMENDMENTS SUBMITTED

THE CONGRESSIONAL BUDGET CONCURRENT RESOLUTION

ABRAHAM (AND OTHERS) AMENDMENT NO. 4028

Mr. DOMENICI (for Mr. ABRAHAM, for himself, Mr. COVERDELL, and Mr. HATCH) proposed an amendment to amendment No. 3986 proposed by Mr. WELLSTONE to the concurrent resolution (S. Con. Res. 57) setting forth the congressional budget for the U.S. Government for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002; as follows:

In the pending amendment, strike all after "SEC. ." and insert the following:

SENSE OF THE SENATE REGARDING THE STATUS OF THE PRESIDENT'S "COPS" PROGRAM.

(a) It is the Sense of the Senate that the assumptions underlying the function totals and aggregates in this budget resolution assume:

(1) full funding for the Violent Crime Reduction Trust Fund through the Fiscal Year 2002; and

(2) that administrative funding for the Public Safety and Community Policing grants should be reduced by half of the President's request for the following reasons:

(A) in an interview with the New York Times on May 12, 1996, a senior presidential aide claimed that, under the COPS program,

"43,000 of the 100,000 cops will be on the street";

(B) contrary of this claim, in a press conference Thursday, May 16, 1996, Attorney General Janet Reno stated that, "What I am advised is that there are 17,000 officers that can be identified as being on the streets" as a result of the COPS program; and

(C) while the number of police officers actually placed on the streets under the COPS program has lagged far behind the White House's misleading claims, the President's request to fund 310 administrative positions to oversee the COPS program is an excessive $29,185,000.

The number on page 37, line 17, is deemed to be increased by the amount of $1,900,000,000.

The number on page 37, line 18, is deemed to be increased by the amount of $3,000,000,000.

The number on page 37, line 24, is deemed to be increased by the amount of $400,000,000.

The number on page 37, line 25, is deemed to be increased by the amount of $1,550,000,000.

The number on page 32, line 6, is deemed to be decreased by the amount of $1,900,000,000.

The number on page 32, line 7, is deemed to be decreased by the amount of $3,000,000,000.

The number on page 32, line 13, is deemed to be decreased by the amount of $400,000,000.

The number on page 32, line 14, is deemed to be decreased by the amount of $1,550,000.

WELLSTONE AMENDMENT NO. 4029

Mr. WELLSTONE proposed an amendment to amendment No. 3986 proposed by him to the concurrent resolution (S. Con. Res. 57) supra; as follows:

At the end of the amendment, add the following:

SEC. . SENSE OF THE SENATE THAT FUNDS WILL BE AVAILABLE TO HIRE NEW POLICE OFFICERS.

(a) It is the sense of the Senate that sufficient funds will be made available for Public Safety and Community Policing grants to reach the goals of Title I of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103–266).

ASHCROFT AMENDMENT NO. 4030

Mr. ASHCROFT proposed an amendment to amendment No. 4000 proposed by Mr. KENNEDY to the concurrent resolution (S. Con. Res. 57) supra; as follows:

Strike all after the first word and insert the following:

SENSE OF THE CONGRESS REGARDING REQUIREMENTS THAT WELFARE RECIPIENTS BE DRUG-FREE

In recognition of the fact that American workers are required to be drug-free in the workplace, it is the sense of the Congress that this concurrent resolution on the budget assumes that the State may require welfare recipients to be drug-free as a condition for receiving such benefits and that random drug testing may be used to enforce such requirements.

KENNEDY AMENDMENT NO. 4031

Mr. KENNEDY proposed an amendment to amendment No. 4000 proposed by him to the concurrent resolution (S. Con. Res. 57) supra; as follows:

At the end of the amendment, add the following:

At the end of title III, insert the following:

SEC. . SENSE OF THE SENATE ON DAVIS-BACON.

Notwithstanding any provision of the committee report on this resolution, it is the sense of the Senate that the provisions in this resolution do not assume the repeal of the Davis-Bacon Act.

SANTORUM AMENDMENT NO. 4032

Mr. SANTORUM proposed an amendment to amendment No. 4000 proposed by Mr. KENNEDY to the concurrent resolution (S. Con. Res. 57) supra; as follows:

At the end of the pending amendment, insert the following:

SEC. . SENSE OF THE SENATE ON DAVIS-BACON.

Notwithstanding any provision of the committee report on this resolution, it is the sense of the Senate that the provisions in this resolution assume reform of the Davis-Bacon Act.

EXON AMENDMENT NO. 4033

Mr. EXON proposed an amendment to amendment No. 4009 proposed by Mr. GRAMM to the concurrent resolution (S. Con. Res. 57) supra; as follows:

Strike all after "SEC." and insert the following:

SEC. . SENSE OF THE SENATE ON SOLVENCY OF THE MEDICARE TRUST FUND.

(a) FINDINGS.—The Senate finds that repeal of certain provisions from the Omnibus Budget Reconciliation Act of 1993 would move the insolvency date of the HI (Medicare) Trust Fund forward by a full year.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that no provisions in this Budget Resolution should worsen the solvency of the Medicare Trust Fund.

GRAMM AMENDMENT NO. 4034

Mr. DOMENICI (for Mr. GRAMM) proposed an amendment to amendment No. 4009 proposed by Mr. GRAMM to the concurrent resolution (S. Con. Res. 57) supra; as follows:

At the end of the amendment, add the following:

SEC. . SENSE OF THE CONGRESS THAT THE 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS SHOULD BE REPEALED

(a) FINDINGS.—Congress finds that the assumptions underlying this resolution include that—

(1) the Fiscal Year 1994 budget proposal of President Clinton to raise federal income taxes on the Social Security benefits of senior citizens with incomes as low as $25,000, and those provisions of the Fiscal Year 1994 recommendations of the Budget Resolution and the 1993 Omnibus Budget Reconciliation Act in which the 103rd Congress voted to raise federal income taxes on the Social Security benefits of senior citizens with income as low as $34,000 should be repealed;

(2) that the Senate Budget Resolution should reflect President Clinton's statement that be believed he raised federal taxes too much in 1993; and

(3) that the Budget Resolution should react to President Clinton's Fiscal Year 1997 budget which documents the fact that in the history of the United States, the total tax burden has never been greater than it is today, therefore

It is the Sense of the Congress that the assumptions underlying this Resolution include—

(1) that raising federal income taxes in 1993 on the Social Security benefits of middle-class individuals with income as low as $34,000 was a mistake;

(2) that the federal income tax hike on Social Security benefits imposed on 1993 by the 103rd Congress and signed into law by President Clinton should be repealed; and

(3) President Clinton should work with the Congress to repeal the 1993 federal income tax hike on Social Security benefits in a manner that would not adversely affect the Social Security Trust Fund or the Medicare Part A Trust Fund, and should ensure that such repeal is coupled with offsetting reductions in federal spending.

MCCAIN (AND DOMENICI) AMENDMENT NO. 4035

Mr. MCCAIN (for himself and Mr. DOMENICI) proposed an amendment to amendment No. 4013 proposed by Mr. BUMPERS to the concurrent resolution (S. Con. Res. 57); supra; as follows:

In amendment No. 4013, strike all after the first word and insert the following:

SEC. . CORPORATE SUBSIDIES AND SALE OF GOVERNMENT ASSETS.

(a) CORPORATE SUBSIDIES.—It is the sense of the Senate that the functional levels and aggregate in this budget resolution assume that:

(1) the federal budget contains ten of billions of dollars in payments, benefits and programs that primarily assist profit-making enterprises and industries rather than provide a clear and compelling public interest;

(2) corporate subsidies can provide unfair competitive advantages to certain industries and industry segments;

(3) at a time when millions of Americans are being asked to sacrifice in order to balance the budget, the corporate sector should bear its share of the burden.

(4) federal payments, benefits, and programs which predominantly benefit a particular industry or segment of an industry, rather than provide a clear and compelling public benefit, should be reformed or terminated in order to provide additional tax relief, deficit reduction, or to achieve the savings necessary to meet this resolution's instructions and levels.

(b) SALE OF GOVERNMENT ASSETS.—

(1) BUDGETARY TREATMENT.—

(A) IN GENERAL.—For the purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, no amounts realized from the sale of an asset shall be scored with respect to the level of budget authority, outlays, or revenues if such sale would cause an increase in the deficit as calculated pursuant to subparagraph (B).

(B) CALCULATION OF NET PRESENT VALUE.—The deficit estimate of an asset sale shall be the net present value of the cash flow from:

(i) proceeds from the asset sale;

(ii) future receipts that would be expected from continued ownership of the asset by the Government; and

(iii) expected future spending by the Government at a level necessary to continue to operate and maintain the asset to generate the receipts estimated pursuant to clause (ii).

(2) DEFINITIONS.—For purposes of this section, the term "sale of an asset" shall have

the same meaning as under section 250(c)(21) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(3) TREATMENT OF LOAN ASSETS.—For the purposes of this subsection, the sale of loan assets or the prepayment of a loan shall be governed by the terms of the Federal Credit Reform Act of 1990.

BUMPERS AMENDMENT NO. 4036

Mr. BUMPERS proposed an amendment to amendment No. 4013 proposed by him to the concurrent resolution (S. Con. Res. 57) supra; as follows:

The pending amendment, as amended, is amended by adding the following:

Notwithstanding, subsection (b) of this amendment regarding the sale of government assets, the sale of assets shall be treated as follows:

(1) BUDGETARY TREATMENT.—For purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, no amounts realized from sales of assets shall be scored with respect to the level of budget authority, outlays, or revenues.

(2) DEFINITIONS.—For purposes of this section, the term "sale of an asset" shall have the same meaning as under section 250(c)(21) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(3) TREATMENT OF LOAN ASSETS.—For the purposes of this section, the sale of loan assets or the prepayment of a loan shall be governed by the terms of the Federal Credit Reform Act of 1990."

NOTICE OF HEARING

COMMITTEE ON INDIAN AFFAIRS

Mr. McCAIN. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will conduct an oversight hearing during the session of the Senate on Tuesday, June 11, 1996, at 9:30 a.m. on Indian trust funds management by the Department of the Interior and implementation of the Indian Trust Fund Management Act of 1994. The hearing will be held in room 485 of the Russell Senate Office Building.

Those wishing additional information should contact the Committee on Indian Affairs.

AUTHORITY FOR COMMITTEE TO MEET

COMMITTEE ON SMALL BUSINESS

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Committee on Small Business be authorized to meet during the session of the Senate on Wednesday, May 22, 1996, at 4:30 p.m., to mark up legislation pending in the committee and to vote on the nomination of Ms. Ginger Ehn Lew to be Deputy Administrator of the U.S. Small Business Administration.

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

ADDITIONAL STATEMENTS

CORRECTION TO THE JOINT STATEMENT OF MANAGERS ACCOMPANYING S. 735

• Mr. HATCH. Mr. President, the joint statement of managers that accompanied the conference report to S. 735, the Antiterrorism and Effective Death Penalty Act of 1996, contained an inadvertent error relating to section 809, assessing and reducing the threat to law enforcement officers from the criminal use of firearms and ammunition. I ask that the correct description of that section be printed in the RECORD.

The material follows:

Section 809—Senate recedes to House amendment section 112. This section requires that the Secretary of the Treasury, in conjunction with the Attorney General, conduct a study which assesses the threat to law enforcement officers from the criminal use of firearms and ammunition, and to examine ways in which such threats can be reduced.

In particular, the study will examine whether current passive defensive strategies, such as body armor, are adequate to counter the criminal use of firearms against law officers. The study will also comprehensively examine or gather information on the general circumstances, statistics, and data surrounding the killing or injury of law enforcement officers, whether intentionally or accidentally, by various types of firearms, ammunition, types, and calibers.

An important component of the study will be to examine the number, the facts, and the circumstances surrounding deaths or serious injuries to officers attributable to projectiles defined as "armor piercing ammunition" under 18 U.S.C. 921(a)(17)(B)(i) and (ii) piercing the protective material of bullet resistant vests or bullet resistant headgear being worn by the officer. Since 1986, federal law has prohibited the sale or manufacture of such ammunition, except for government or law enforcement use. Armor piercing ammunition is defined as a projectile or projectile core which may be used in a handgun and is constructed entirely (except for trace elements) of certain hard metals. The Violent Crime Control and Law Enforcement Act of 1994 further amended the definition of armor piercing ammunition by establishing a bullet jacket weight test.

Recognizing that ammunition used primarily by law-abiding citizens, and that any study of this nature and magnitude has the potential to affect regulatory policy in the future, this section requires that all parties interested in the outcome of the study outcome (including Federal, State, and local officials, non-governmental organizations including all national police organizations, national sporting organizations, and national industry associations with expertise in this area) be consulted on the study contents, methodology, and specific study objectives. The study is due 12 months from the date of enactment.•

RECOGNIZING LT. COL. JEFFREY DUNKLE

• Mr. SIMON. Mr. President, with 28 years of active-duty service, Lieutenant Colonel Dunkle will be retiring from the U.S. Air Force, Medical Service Corps, this August.

During his years with the Air Force, Lieutenant Colonel Dunkle has helped manage the delivery of military medical services. As a senior member of the MSC, he has mentored younger service members. The delivery of quality medical services to our active-duty force is a critical job that Lieutenant Colonel Dunkle has done with vigor and excellence.

We should recognize the contributions of this soldier and his MSC staff.•

FOOD AID FOR NORTH KOREA

• Mr. SIMON. Mr. President, North Korea is considered today a rogue state—the last country with a Stalinist system and surely the most isolated country in the world. During the cold war, when we looked at other nations as enemies, we made clear that our differences with those nations were with their governments and not with their people. The same should be true of North Korea today.

The food situation in North Korea is turning dire. There are reports of conditions approaching famine, caused by natural disasters, poor harvests, and economic mismanagement. The World Food Program, with personnel on the ground to assess conditions and monitor deliveries, is appealing for more food aid to avert a disaster. Hunger could lead to instability, which could cause desperate actions by the North Korean military, and that would be in no one's interest.

The administration wisely granted $2 million in food aid earlier this year, but the situation has worsened, and we should do more. The following editorial from today's New York Times urges the President to put hunger above politics and provide food aid. That is the right thing to do—for humanitarian reasons and in the interest of reducing tensions on the Korean peninsula.

I ask that the article be printed in the RECORD following my remarks.

The article follows:

[From the New York Times, May 22, 1996]

FAMINE AID TO NORTH KOREA

Near-famine conditions in North Korea pose a moral and political challenge to the United States and its allies. America's goal should be to feed the hungry without reinforcing the already dangerous military capacities of an erratic, belligerent and poorly understood regime.

This can be done by providing generous amounts of grain and other basic foodstuffs, but insisting on a reasonable degree of international monitoring to make sure the aid is distributed throughout the country and not hoarded or sold by the Communist Party and military elite.

The United States has previously provided modest quantities of aid through the United Nations World Food Program and Unicef, both of which monitor deliveries. South Korea has supplied more substantial aid through direct shipments. But animosity on both sides of the 38th Parallel scuttled the South Korean effort, and now Seoul is pressing Washington to hold back as well. South

Korea wants further food aid suspended until North Korea accepts President Clinton's recent proposal for four-way peace talks involving the two Koreas, China and the United States.

Bowing to that pressure would violate an admirable American tradition of not using food as a diplomatic weapon. An entire people should not be punished for the sins of their hard-line Communist leaders. The United States joined other Western donors in feeding Ethiopia during its famine in 1991–1992, though its Marxist tyranny was no less unsavory. The same principle should apply to North Korea if it is stricken by widespread famine this summer, as a new United Nations alert predicts.

For most of its 50-year history, North Korea did all it could be discourage trade and even humanitarian assistance from the outside world. Fearing ideological contamination, Pyongyang preached an extreme doctrine of self-reliance and used its heavy-handed police apparatus to keep out all but a few trusted Communist friends.

But decades of economic mismanagement, political uncertainties following the 1994 death of Kim Il Sung and the abrupt loss of Russian and Chinese support, combined with disastrous flooding last year, have brought widespread suffering and forced the regime to appeal for help.

The Clinton Administration should grasp this opportunity to put hunger above politics and advance its own policies of cautious courtship of North Korea. The nuclear freeze agreement the two countries reached in 1994 marked a recognition by Washington that a nuanced combination of military deterrence and diplomatic engagement offers the most promising approach to maintaining security on the Korean Peninsula.

In present circumstances, humanitarian aid, military deterrence and opening North Korea to fresh winds of change all go together. The Clinton Administration would be right to explore the possibilities.•

TRIBUTE TO TIMOTHY MARQUIS, JOANNE MILLETTE, SYMA MIRZA, AND KENNETH JOHNSON, NEW HAMPSHIRE 1996 PRESIDENTIAL SCHOLARS

• Mr. SMITH. Mr. President, I rise today to congratulate four outstanding New Hampshire high school students on receiving the 1996 Presidential Scholar Award. Timothy Marquis and Joanne Millette from Winnacunnet High School in Hampton; and Syma Mirza and Kenneth Johnson from Alvirne High School in Hudson were all honored with this prestigious award.

The U.S. Presidential Scholars Program was founded by Executive order of the President in 1964 to recognize outstanding high school students in America. These four New Hampshire students should be very proud of this honor because the selection process is quite rigorous. Based on student scores from SAT and ACT testing, the top 20 men and women from each State are invited to apply for the Presidential Scholar Program. An independent review committee, composed of various academics such as guidance counselors and college admissions officers, then review the applications of these students and determine 500 semifinalists for the award. The committee uses a variety of criteria to evaluate each student such as personal character, academic achievement, leadership service in school as well as the community, and an essay analysis. From the pool of semifinalists a 32-member commission appointed by the President chooses 141 scholars to be honored for their accomplishments during National Recognition Week.

These four hard working New Hampshire students will be guests of the White House Commission on Presidential Scholars in Washington, DC, from June 18 through June 23. While in Washington, the students will be involved in various activities such as informative panel discussions, a ceremony at the White House, and an evening at the Kennedy Center featuring performances by the Scholars in the Performing Arts.

As a former high school teacher myself, I applaud the hard work and dedication of Timothy, Joanne, Syma, and Kenneth. Their outstanding academic performance have won them this distinguished national honor. I commend these special students for achieving excellence in their schools and communities, and wish them great success in their future endeavors. Their contributions to New Hampshire and the Nation serve as a role model for others to follow.•

CAMP RAMAH DAROM

• Mr. FRIST. Mr. President, on May 27, the United Synagogue of Conservative Judaism will commemorate a milestone in the life of the conservative Judaic community in the South. May 27 marks the opening of Camp Ramah Darom, near Clayton, GA, as well as the installation of the board and officers of this very special institution.

Camp Ramah Darom has been made possible by the hard work and dedication of many individuals to a shared dream. The camp will provide a unique center for the conservative Jewish community throughout the South to share and strengthen their community ties. The camp will be a place for the children to foster bonds with friends throughout the region and a retreat for families separated by distance but bound by a strong common heritage. At a time when it is so critical to preserve and reinforce the family and community values that are the basis of our great Nation, the dedication of Camp Ramah Darom is especially important.

I know my colleagues from the South and the rest of the Nation will join me in commemorating the inauguration of this special event and in congratulating and thanking the many who made Camp Ramah Darom a reality.•

FINANCIAL DISCLOSURE REPORT OF SENATOR PAUL SIMON

• Mr. SIMON. Mr. President, it has been my practice in each of the 41 years I have spent in public life to volunteer a detailed accounting of my finances.

I ask that my financial report for 1995 be printed in the RECORD.

The financial report and related announcement follow:

ANNOUNCEMENT

For the 41st consecutive year that he has held public office, U.S. Senator Paul Simon, D-Ill., has released a detailed description of his income, assets and liabilities—the last such report that he will file before retiring from the Senate when his term ends in January 1997.

Simon has been making the voluntary annual statements longer than any other national officeholder. Simon set his policy when he left the newspaper publishing business he had established to enter public service and has followed the practice during his eight years in the Illinois House of Representatives, six years in the Illinois Senate, four years as lieutenant governor, 10 years in the U.S. House of Representatives and now 11 years in the U.S. Senate. The listing predates disclosure requirements of state and federal law and continues to exceed those requirements. Senate rules today require only the listing of income within broad brackets. Simon's practice also has set the standard for many officeholders in Illinois.

Simon also continues to exceed Senate requirements by listing detailed income for his wife, Jeanne.

The Illinois Senator lists 1995 income for himself and Jeanne Simon totaling $196,300.60, down from $206,287 in 1994. The figure includes Paul Simon's Senate salary, Jeanne Simon's per diem compensation as chair of the Naional Commission on Library and Information Science, and reimbursements to Paul and Jeanne Simon for travel and other expenses.

The Simons had assets of $551,837.35 and liabilities of $106,979.79 for a net worth of $444,857.56. Earlier disclosures have shown Simon to be one of the least wealthy members of the United States Senate.

The detailed 1995 financial report of Senator Paul Simon follows:

Income statement: Paul and Jeanne Simon—1995

General Income (Paul Simon):	
Salary, U.S. Senate	$133,600.00
State of Illinois, General Assembly System	22,281.60
Book Royalties	2,788.45
Dana College, Homecoming Payment Refund	43.00
Blue Cross/Blue Shield, Insurance Reimbursement	100.75
Movies Unlimited, Refund	20.49
Discover Card, Cash Back Bonus	7.28
Earnings, IRA	989.46
General Income (Jeanne Simon):	
Salary, Emeritus Foundation	$1,000.00
Social Security, (Entirely donated to charitable causes)	5,350.00

Income statement: Paul and Jeanne Simon—1995—Continued

Medicare Premiums	718.80
U.S. Department of Education, (National Commission on Libraries and Information Science)	17,103.04
Distribution from IRA	980.41
Earnings, IRA	423.15
U.S. Government, Travel Expense Reimbursement	5,412.37
University of Illinois at Urbana, Travel Expense Reimbursement	826.00
North Suburban Library Association, Travel Expense Reimbursement	211.00
Lincoln Trail Libraries, Travel Expense Reimbursement	411.00
Wisconsin Library Association, Expense Reimbursement	548.40
Emeritus Foundation, Expense Reimbursement	133.12
Interest Income:	
U.S. Senate Federal Credit Union	$14.25
General American Life	225.61
Polish National Alliance of U.S.A.	57.63
South Shore Bank of Chicago	30.11
Non-IRA Dividends	
Adams Express	$711.52
General Mills	84.60
Union One	.58
Mattel	7.08
McDonalds	6.57
Quaker Oats	9.12
Scott Paper	6.40
Dreyfus Growth & Income Fund	237.06
Dreyfus Municipal Bond Fund	892.92
Franklin Money Fund	47.11
Wal-Mart Stores	18.48
Pacific Gas & Electric	525.28
Pax World Fund	167.22
Texas Instruments	14.16
Harcourt General	4.55
Scudder Growth & Income	74.72
Smith Barney Money Funds	30.70
Darden Restaurants	1.80
Ford Motor	47.09
Johnson & Johnson	38.40
Polish National Alliance	99.20
SIU Credit Union	.12
Total income	$196,300.60

STOCK TRANSACTIONS

Purchased:

01/03/95, 30 Shares of Johnson & Johnson—$1,707.57.

04/24/95, 38 Shares of Ford Motor Co—$1,080.00.

11/21/95, 100 Shares of Livent Co—$887.50.

12/08/95, 35 Shares of Wm Wrigley, Jr., Co—$1,761.53.

Stock Splits:

01/12/95, Mattel Inc De, 25 Shares to 31 Shares.

05/15/95, Scott Paper, 8 Shares to 16 Shares.

08/24/95, Texas Instruments 12 Shares to 24 Shares.

Stock Merger:

12/13/95, Scott Paper merged with Kimberly Clark 16 Shares of Scott became 12 Shares of Kimberly Clark.

Sold:

07/21/95, Dreyfus Municipal Bond Fund, 893.582 shares for $11,000. Purchased at various times for a total of $10,922. Profit = $78.00.

Spinoff:

06/06/95, Darden Restaurants Inc., 45 Shares

Other changes in stock numbers due to reinvestment of dividends.

Paul's IRA

Purchase:

02/10/95, Knight-Ridder, 10 Shares for $551.96.

08/10/95, Oshkosh B Gosh, 25 Shares for $453.73.

Stock Splits:

01/23/95—Mattel Inc De., 88 Shares to 110 Shares.

07/12/95—Tootsie Roll Industries, 22 Shares to 44 Shares.

Other changes in stock numbers due to reinvestment of dividends.

Jeanne's IRA

Sold:

12/06/95—Smith Barney Utilities Fund, 34.496 Shares for $533.66.

Other changes in stock numbers due to reinvestment of dividends.

Paul and Jeanne Simon, net worth statement, Dec. 31, 1995

General Assets:	
First Bank of Carbondale, Checking Account	$210.93
Credit Union, Rantoul	27.80
U.S. Senate Federal Credit Union, Checking Account	1,845.36
U.S. Senate Federal Credit Union, Savings Account	150.19
South Shore Bank of Chicago, Savings Account	1,107.52
SIU Credit Union, Savings Account	25.12
SIU Credit Union, Checking Account	75.00
Loan, Senator Paul Simon Official Office Account	100.00
U.S. Savings Bonds	1,838.00
Deposit, Harbour Square Apartments	50.00
General American Life Insurance, Cash Value and Deposit	10,710.24
Polish National Alliance Insurance, Cash Value and Deposit	3,970.33
Congressional Retirement System, Cash Value	99,974.08
Thrift Savings Plan	44,610.25
10.8 Acres & Home, Makanda, IL., (Appraised 1987 at $204,000)—Plus Improvements	235,350.00
Furniture and Presidential Autograph Collection	18,000.00
1991 Chevrolet	8,000.00
1995 GEO Prism	12,000.00
Stock and Bond Holdings with Number of Shares:	
Cash and Smith Barney Money Fund	166.38
Adams Express, 470 Shares	8,695.00
Bethlehem Steel, 5 Shares	69.38

Paul and Jeanne Simon, net worth statement, Dec. 31, 1995—Continued

Dreyfus Municipal Bond Fund, 756.418 Shares	9,614.07
Dreyfus Growth & Income, 259.999 Shares	4,822.98
Franklin Fund, 1,184.259 Shares	1,184.26
General Mills, 45 Shares	2,598.75
Harcourt General, 7 Shares	293.13
Intergroup, 25 Shares	1,193.75
Jet-Lite, 120 (Approximate)	300.00
Lands End, 44 Shares	599.50
Liberte Inves., 100 Shares	225.00
Mattel, 31 Shares	953.25
McDonalds, 25 Shares	1,128.13
Pacific Gas & Electric, 268 Shares	7,604.50
Pax World Fund, 179.813 Shares	2,936.35
Quaker Oats, 8 Shares	276.00
Rohr Industries, 6 Shares	86.25
Scudder Growth & Income Fund, 82.220 Shares	1,663.31
Texas Instruments, 24 Shares	1,236.00
United M & M, 8 Shares	1.00
Wal-Mart Stores, 96 Shares	2,136.00
Darden Restaurants, 45 Shares	534.38
Ford Motor, 38 Shares	1,097.25
Johnson & Johnson, 30 Shares	2,565.00
Kimberly Clark, 12 Shares	993.00
Wm Wrigley Jr., 35 Shares	1,837.50
Livent, 100 Shares	887.50
IRA—Paul—Common Stock:	
Smith Barney Money Fund	397.21
Smith Barney Utilities Fund, 98.645	1,553.66
Adams Express, 721	13,338.50
Lands End, 34	463.25
Mattel, 110	3,382.50
Pacific Enterprises, 56	1,582.00
Pacific Gas & Electric, 40	1,135.00
Pepsico Inc—North Carolina, 32	1,788.00
Price Enterprises, 51	784.13
Quaker Oats, 284	9,798.00
Sara Lee, 20	640.00
Servicemaster Ltd Partnership Pub Partnership Shs., 27	816.75
Southwest Water, 86	827.75
Southwestern Energy, 48	612.00
Tootsie Roll Industries, 44	1,743.50
Knight-Ridder, 10	625.00
Oshkosh B' Gosh, CLA, 25	437.50
Preferred Stock: McDonald's, 18 Shares	472.50
Total	40,397.25
IRA—Jeanne:	
Smith Barney Money Funds	42.85
Smith Barney Utilities Fund, 35.845	564.56
Adams Express, 701	12,968.50
Pacific Gas & Electric, 40	1,135.00
Pepsico Inc. North Carolina, 42	2,346.75
Sara Lee, 20	640.00
Total	17,697.66
Total assets	551,837.35
Liabilities:	
Polish National Insurance, Loan	1,484.48
General American Insurance, Loan	3,021.15
LaSalle Talman Home Mortgage Corp.	102,474.16
Total liabilities	106,979.79
Total assets	551,837.35

Paul and Jeanne Simon, net worth statement, Dec. 31, 1995—Continued

Total liabilities	106,979.79
Net worth	444,857.56

GIFTS, RECEIVED OF MORE THAN $25.00 VALUE, OUTSIDE IMMEDIATE FAMILY*

Framed poem by Elijah Lovejoy from Robert Tabscott—Value under $250.00
Book by Tom Clancy from Comanche Helicopter Group—25.95
Messiah records from Al Booth—Value under $250.00
Book, *Chronicle of America* from Dorling Kindersley Publishing Company—$59.95
Tickets to Baltimore Oriole game from Gene Callahan—Value under $250.00
Book on the history of Macomb from Don Spencer—$35.00
Two tickets to St. Louis Rams game from Alfred Kerth, III—$90.00
Handmade quilt from Mrs. William J. Lee—Value under $250.00
Food samples from Nabisco company—Value under $250.00
Food assortment basket from Mel Blackwell—Value under $250.00
Book from Aileen Estrella—Value under $250.00
Subscription to *Roll Call* (1 year) from publisher—$216.00
Book on Claude Monet from Art Institute of Chicago—Value under $250.00
Historical Books from Stan Glass—Value under $250.00
Flowers from Phil Corboy and Mary Dempsey—Value under $250.00
Flowers from Nancy and William Chen—Value under $250.00
Gift from United Transportation Union—Value under $250.00

*The law requires disclosure only of gifts of $250.00 and over. Paul Simon's statement includes all non-family gifts of more than $25.00, whatever the source.●

ORDERS FOR THURSDAY, MAY 23, 1996

Mr. LOTT. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 noon on Thursday, May 23; further, that immediately following the prayer, the Journal of the proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the Senate then resume consideration of Senate Concurrent Resolution 57.

I further ask unanimous consent that the Senate then proceed to vote on or in relation to the remaining pending amendments to the budget resolution in the order in which the amendments were offered; that each rollcall vote, after the first one, be limited to 10 minutes in length, and that there be 1 minute of debate, equally divided, prior to each vote for a brief explanation of each amendment.

I finally ask that any second-degree amendments, if offered, be limited to 1 minute of debate, equally divided, as well.

The PRESIDING OFFICER. Is there objection?

Mr. FORD. Reserving the right to object, Mr. President, and I do not suspect I will object. The reason is, we were told by the floor leader that we would be in at 10 and start voting at 10 in the morning, and we would be out from 1 until 2 and then come back and complete it. Then we heard it was going to be 11 o'clock. Now it is twelve o'clock. We are trying to adjust our schedules, and here within 30 minutes we have had a 2-hour shift. I would like to hold up until I have had an opportunity to discuss it with our leader to be sure of the arrangements they have worked on based on the previous announcement.

Mr. LOTT. If I may comment, Mr. President, we are trying to accommodate many requirements by the various Members. We did not have any indication of concern about beginning later in the morning. I was going to further ask that no rollcall votes occur between the hours of 1 and 2 on Thursday in order to accommodate a Democrats' luncheon on technology, or something like that.

Mr. FORD. I appreciate that. I have no objections now, I say. But it is just the idea of clearing things as you would clear them on your side. We will be clearing it with somebody different in a couple weeks.

Mr. LOTT. I hope so.

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

Mr. LOTT. I will add the additional part. I ask unanimous consent that no rollcall votes occur between 1 p.m. and 2 p.m. on Thursday in order for the Democrats to conduct a luncheon.

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

PROGRAM

Mr. LOTT. Mr. President, tomorrow at 12 p.m. the Senate will begin a series of rollcall votes on the remaining amendments to the budget resolution. That is expected to continue throughout the day, with the break between the hours of 1 and 2. The Senate is expected to complete action on the budget early Thursday afternoon. We should be able to finish in the 4 to 5 o'clock range, it looks like, I say to the distinguished Senator from Kentucky. All Senators are asked to remain in or around the Senate Chamber during Thursday's session in order to facilitate the votes. If a Member gets down the hall or gets lost, he inconveniences 98 or 99 Senators, and it is very hard to stay within the timeframes called for.

I also remind Senators that, following the first vote, all votes will be limited to 10 minutes.

AUTHORITY FOR INTRODUCTION OF A BILL

Mr. LOTT. Mr. President, I ask unanimous consent that Senator ROTH be authorized to have until 7 p.m. this evening to introduce a bill.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CHANGE OF VOTE

Mr. DOMENICI. Mr. President, on rollcall 134, I voted "yes." It was my intention to vote "no." Therefore, I ask unanimous consent that I be permitted to change my vote. This will in no way change the outcome of the vote.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

APPOINTMENTS BY THE MAJORITY LEADER

The PRESIDING OFFICER. The Chair on behalf of the majority leader, pursuant to Public Law 104–52, as amended by Public Law 104–134, appoints the following individuals as members of the National Commission on Restructuring the Internal Revenue Service:

The Senator from Iowa [Mr. GRASSLEY];

David L. Keating, of Maryland;

J. Fred Kubik, of Kansas; and

Mark L. McConaghy, of Washington, DC.

APPOINTMENTS BY THE DEMOCRATIC LEADER

The PRESIDING OFFICER. The Chair, on behalf of the Democratic leader, pursuant to Public Law 104–52, as amended by Public Law 104–134, appoints the following individuals to the National Commission on Restructuring the Internal Revenue Service:

The Senator from Nebraska [Mr. KERREY]; and

Fred T. Goldberg, Jr.

ADJOURNMENT UNTIL TOMORROW

Mr. LOTT. Mr. President, if there be no further business to come before the

Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 5:57 p.m., adjourned until Thursday, May 23, 1996, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate May 22, 1996:

IN THE COAST GUARD

THE FOLLOWING INDIVIDUAL FOR APPOINTMENT AS A PERMANENT REGULAR COMMISSIONED OFFICER IN THE U.S. COAST GUARD IN THE GRADE OF LIEUTENANT:

ANDREW J. SORENSON

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER THE PROVISIONS OF SECTION 601, TITLE 10, UNITED STATES CODE:

To be lieutenant general

MAJ. GEN. JAMES L. JONES, JR., [redacted]

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE-DUTY LIST, FOR PROMOTION TO THE GRADE OF LIEUTENANT COLONEL IN THE U.S. MARINE CORPS IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE:

GEORGE W. SIMMONS [redacted]

THE FOLLOWING-NAMED LIMITED DUTY OFFICERS, ON THE ACTIVE-DUTY LIST, FOR PROMOTION TO THE GRADE OF LIEUTENANT COLONEL AND MAJOR AS INDICATED BELOW, IN THE U.S. MARINE CORPS IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE:

To be lieutenant colonel

RONALD J. CRABBS [redacted]
GORDON R. FINKLEA [redacted]
ROBERT H. IRVINE [redacted]
PAUL F. LEASE [redacted]
BILLY T. SKAGGS [redacted]

To be major

DENNIS J. ALLSTON [redacted]
ROY L. BIBBINS [redacted]
MICHAEL A. BOGACZYK [redacted]
CLARENCE J. BROOKER [redacted]
GEORGE L. BROUNTY [redacted]
DAVID R. BURCH [redacted]
MARK E. BUTLER [redacted]
DONALD C. CHAPMAN [redacted]
PHILIP J. COLE [redacted]
STEPHEN J. CORBITT [redacted]
JEFFERY A. CRAFTON [redacted]
BRADLEY I. DODD [redacted]
PHILLIP D. DURBIN [redacted]
JOHN J. FARLEY [redacted]
JOSEPH R. GAUTREAU [redacted]
JOHN T. GERMAIN [redacted]
ROBERT G. GOODWIN [redacted]
JEFFREY W. GRAVES [redacted]
RUSSELL L. GRIMSLEY [redacted]
GARY L. HARTLESS [redacted]
JERALD D. HOLM [redacted]
ISAIAH JOHNSON [redacted]
MICHAEL P. LANDRY [redacted]
FREDERICK R. LICHTY, JR. [redacted]
THEODORE W. MUELLER [redacted]
MICHAEL T. MULQUEENY [redacted]
TOMMY PIQUES, JR. [redacted]
MICHAEL D. PUCKETT [redacted]
ARTHUR F. PURCELL [redacted]
TIMOTHY S. RICKER [redacted]
ROY R. ROSAL [redacted]
EDWIN G. SCHROEDER [redacted]
ROBERT J. SOLNICK [redacted]
WILLIAM G. TERHUNE [redacted]
MARC W. WHITHORNE [redacted]
LAWRENCE R. WOOLLEY [redacted]

HOUSE OF REPRESENTATIVES—*Wednesday, May 22, 1996*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We remember, O gracious God, those who have any special need in their lives, those family and friends and colleagues who are uncertain about their future or have doubts about the purposes and the designs of their very being. We pray, O God, that where there is doubt there would be renewed faith; where there is illness or infirmity there would be healing; where there is anger there would be reconciliation and peace and where the soul seems barren or empty, may Your spirit be present to forgive and restore and make whole. In Your name, we pray. 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.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Florida [Mr. FOLEY] come forward and lead the House in the Pledge of Allegiance.

Mr. FOLEY 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. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 1965. An act to reauthorize the Coastal Zone Management Act of 1972, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LATHAM). The Chair will entertain fifteen 1-minutes on each side.

COMMEMORATING NATIONAL MISSING CHILDREN'S WEEK

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

Mr. FOLEY. Mr. Speaker, today I rise to commemorate this week as National Missing Children's Week. As Americans, we are all compelled by the heartbreaking stories of abductions and murders of children. Adam Walsh, and Jimmy Ryce, these are names and faces south Floridians will never forget. In 1995, nearly 5,000 missing persons cases reported that year remained unresolved.

We all grieve for the families whose cases remain unresolved—and pray that they may be reunited with their loved ones soon so that their lives can return to normal. As a nation we should try to prevent child victimization through education. Families should begin early by opening the lines of communication in their family, teaching children protection information that can help keep them safe. Knowledge empowers children, and high self-esteem gives them the confidence to trust their own feelings when they feel uncomfortable and need help.

Mr. Speaker, we need to join together as a community to help resolve missing children cases and Missing Children's Week is an important part of the awareness process.

GINGRICH-ARMEY RULE ON MINIMUM WAGE CONTAINS POISON PILLS

(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, after months of prodding our colleagues who run this institution on the Republican side of the aisle to bring a minimum wage bill to the floor so we can get people who have chosen work over welfare an increase from $4.25 an hour to something that at least approaches what they need to live on, what do we get today? We get a rule and we get a bill that has odious poison pills in it that will kill the minimum wage.

This Gingrich-Armey rule is designed to do exactly that. It does not give a minimum wage increase to people, it repeals it for literally millions of people in this country. People who work in garment sweatshops across this country could find their wages lowered.

It is just an outrage. They do not get it yet. America deserves a raise; it needs a raise. We need a clean bill, no poison pills. Let us raise the wages of those who choose work over welfare. Let us vote against this Goodling amendment, vote against the rule, and then pass a good minimum wage.

COSTUME PRESIDENT

(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, if we needed another example of how this President changes characters faster than Rich Little, here it is:

A year ago President Clinton put on his regulatory reform-er costume. He said that he wanted to give small businesses a break against agencies like OSHA, which were more interested in collecting penalties than in getting things fixed. In fact these are his words exactly, when he dressed up like someone sympathetic to small business:

Enforcers will be given authority to waive up to 100 percent of punitive fines for small businesses so that a business person who acts in good faith can put his energy into fixing the problem, not fighting with the regulator. In other words, if they want to spend the fine money fixing the problem, better they should keep it and fix the problem than give it to the Government.

But now the President is wearing another costume. It's his reelection costume, and it's paid for by people who don't want regulatory reform and who could care less bout small business. And now the President has not only forgotten what he said when he was wearing that regulatory reform-er costume, he's actually opposing what he said.

Take a look at what the Clinton administration is saying on the small business OSHA reform bill. We put his regulatory reforms for small business into a bill, House Report 3234, and now the administration is getting ready to oppose the very proposals it made when the President was wearing the small business costume.

Mr. Speaker, costume changers are great entertainment. But we don't need any more of a costume President.

MINIMUM WAGE AT 40-YEAR LOW; AMERICANS NEED A RAISE

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

Mr. DOGGETT. Mr. Speaker, America need a raise. With the minimum wage at a 40-year low, America needs a raise. But our Republican colleagues,

when the housing bill was up, instead of giving us a minimum wage increase they raised rents. And last week, when the wilderness bill was up, instead of giving us a raise in wages, they raised the number of acres that could be exploited with reference to the environment.

Now we reach today and we get another vote on the minimum wage, but what do our Republican colleagues propose? Instead of a real raise that working people can feel in their pocketbooks, they propose to raise the exclusion, exclude more workers from the basic fundamental protection of the minimum wage.

It seems to me these Gingrich-ites do not know up from down. American workers need to go up. They need to be empowered by an increase in the minimum wage, not be excluded from the basic fundamental protection and the sweatshops of getting any minimum wage at all.

Let us reject this Gingrich-ite proposal to exclude more American working families, and let us empower them with a real increase in the minimum wage.

INCREASE IN MINIMUM WAGE SHACKLES JOB OPPORTUNITIES

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

Mr. HAYWORTH. Mr. Speaker, my good friend from Texas starts again the endless litany of bromides and class warfare. The fact is we can create jobs in this economy if we free those who create jobs to have more. What we do when we try to take the Government and say, "You will do this or you will do that, Mr. Employer," is we shackle the very job opportunities that my friend from Texas purports to give honest working men and women.

It comes down to this basic premise, and it is one of fairness: Do we empower all in this country to achieve all they can achieve; or would we have Government, through capricious action, tell those who create jobs, "No, you are not entitled to create any more jobs; no, we are going to say to you we are going to penalize you for trying to create job opportunities, and instead it will be the Government who decides who giveth and, of course, the Government who, obviously, taketh away," with historic tax increases from this liberal side of the aisle and their liberal friends at the end of Pennsylvania Avenue.

REPUBLICAN PLAN WOULD EXCLUDE MORE WORKERS FROM MINIMUM WAGE

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

Mr. PALLONE. Mr. Speaker, I am sometimes asked what does it mean to be a Democrat, and what it mans to be a Democrat is that you care about working people and their concerns and whether they are going to be able to earn a decent wage. That is what this vote is all about today.

All of a sudden the Republican leadership is forced to bring up a vote on the minimum wage, but instead of bringing it up in a clean fashion, what they are really doing is repealing it and making it so that a lot of people right now, who would be getting a minimum wage, even at the low amount that it is, are going to be not eligible, unfortunately, for the minimum wage.

So instead of bringing up a clean bill, where the minimum wage is increased and people have a decent wage, now we see the Republican leadership actually trying to repeal the minimum wage. That is what they are all about.

Just like they talked about repealing Medicare or letting it wither on the vine, now they want to let the minimum wage wither on the vine because they do not care about working people.

I heard what my colleague from Arizona just said. He is against the minimum wage, and that is what is going to happen here today. They are going to bring up a vote and use it as an excuse instead of raising the minimum wage to eliminate something like 3 to 7 million Americans from having any treatment and getting any minimum wage.

GOODLING AMENDMENT PROVIDES OPPORTUNITY WAGE FOR LOW-SKILLED ENTRY-LEVEL WORKERS

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

Mr. GANSKE. Mr. Speaker, we are going to get our first vote on raising the minimum wage today. I am going to vote for it.

I have been concerned that legislation with good motives can have adverse consequences, so I urge my colleagues on both sides of the aisle to vote for the Goodling amendment. It takes into consideration some specific things that we ought to look at.

Computer experts should not be paid 6.5 times more and then get a raise in their minimum wage. Restaurant workers do get tips. It takes into account that. But I and other people have been concerned about the loss of jobs for low-skilled workers, so, at my suggestion and others', the leadership has included in the Goodling amendment an opportunity wage.

The opportunity wage will encourage hiring of low-skilled entry-level workers by firms while maintaining the protections of the current minimum wage for a short period of time. This amendment is geared to blunt the impact of projected increases on low-skilled workers. The Goodling amendment is a good one. I urge my colleagues to vote for it.

IRS IS DOWNRIGHT PETTY

(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, at times the IRS is not only arrogant and disgusting, they are downright petty. Check this out.

Louise and Harvey Phillips of Deltona, FL, got a demand letter from the IRS. The letter said, "You owe us money; and if you don't pay in 10 days, we will take legal action against you."

The Phillips' just got tired of the drag, so they wrote a check, ladies and gentlemen, for the entire amount. One red cent. The Phillips then asked, "Why are you so petty?" And the IRS said, "That's none of your business. You will get an answer in 8 weeks."

Beam me up, Mr. Speaker. No wonder the American people are taxed off. I think the Congress of the United States of America should tell the IRS to shove that Phillips penny right up their software. I think we should also tell them that the Phillips' of Deltona, FL, just happen to be their boss.

Think about it. Yield back the balance of this 32 cent stamp for a 1 penny settlement with the IRS.

INCREASE IN MINIMUM WAGE WILL MEAN 500,000 JOB LOSS

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

Mr. KINGSTON. Mr. Speaker, today the Democrats say goodbye to 500,000 jobs, according to the Federal Reserve, which is what the impact of increasing the minimum wage will be. That is no problem, though, because most of those folks will get on public benefits, which is exactly where the Democrats want them, right under the thumb of the Government so they can create dependency on the Government.

Do my colleagues know who is on minimum wage? Sixty-six percent of the people are part-time workers. Thirty-nine percent of them are teenagers. Two percent are over 30 years old. And those who start with a minimum wage are making $6.05 an hour within 1 year. It is an entry-level wage.

I started at minimum wage when I was 16 years old. I have worked minimum wage in the restaurant and the construction business. I learned skills, and as I learned them, I was paid more. That is how the private sector, the capitalistic free enterprise system, works.

I am sorry there are so many people who lean with socialistic tendencies to government solutions to every possible

problem that is out there. I say let the private sector get out there and compete. Let us save the jobs and cut out the talk about increasing the wage.

AMERICANS DEMAND A CLEAN MINIMUM WAGE INCREASE

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

Mr. GENE GREEN of Texas. Mr. Speaker, I am glad to follow my colleague from Georgia talking about that. If he had his way, we would still be 25 cents an hour from 1938. That was the first minimum wage.

After months of blocking attempts to increase the minimum wage, the House Republicans are finally going to allow us to have a vote. But my colleagues should not be fooled by this sham. It is not an increase, it is actually a cut. It is exempting millions of workers from the minimum wage.

This bill only will attach special interest provisions to exempt those millions from minimum wage. Eighty percent of the American people support an increase in the minimum wage, but the Republicans want it without the gimmicks of the exemptions for restaurant workers, the exemptions for computer operators, the exemptions they are providing.

They are actually taking people off the minimum wage benefit. That is what this sham is about. They do not really want a minimum wage. Just continue to listen to them. They do not want an increase in the minimum wage. They do not want a minimum wage. They want everybody to work for a quarter an hour.

□ 1015

WELFARE REFORM

Mr. GUTKNECHT. Mr. Speaker, as I speak, literally millions of Americans are trapped in a cycle of dependence known as the modern welfare state. It is a system characterized by drug abuse, fatherlessness, violence, and the wholesale destruction of the family. The welfare state encourages teen pregnancy and destroys the work ethic.

People have literally lost their freedom and their self-respect because of the so-called compassion of Washington's liberals.

When he ran for the Presidency, Bill Clinton said that he would end welfare as we know it. Instead he vetoed commonsense welfare reform, not once, but twice. As we've seen in so many other instances, his word cannot be trusted. Bill Clinton is playing politics with the lives of millions of Americans. His broken word guarantees the survival of the failed welfare system.

Mr. Speaker, when it comes to reforming welfare, our President is the great pretender.

THE MINIMUM WAGE

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

Ms. DELAURO. Mr. Speaker, today the House takes up increasing the minimum wage, and, in what amounts to little more than a political dance, the Republican majority has designed the debate to ensure that we take one step forward and two steps back. By coupling an increase in the minimum wage with an amendment exempting companies with less than $500,000 annual gross sales, the Republicans have assured a minimum wage increase that is unfair and is unacceptable.

Mr. Speaker, if the amendment passes, 10 million hard-working Americans will be excluded from the increase, and millions more Americans already covered will lose their coverage.

The gentleman from Texas [Mr. ARMEY] was not kidding when he said he would, and I quote, resist an increase in the minimum wage with every fiber of his being. By increasing the minimum wage and making it less available, the Republican leadership is dancing around an issue that 80 percent of the American people support. In words that DICK ARMEY can understand, a country music song goes: One step forward, two steps back; nobody gets too far like that.

AMERICANS WANT WELFARE REFORM

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

Mr. STEARNS. Mr. Speaker, welfare reform is something that the American people want. Both parties have promised to reform our current broken-down system, but I believe Republicans have delivered. This Republican Congress sent a strong welfare package to President Clinton, and he vetoed it.

Today Republicans are going to try again. We are introducing a strong welfare reform bill that concentrates on family and individual responsibility. Our package lifts families out of the destructive welfare cycle of poverty and despair. It stresses work, and allows States the flexibility to design programs that fight their residents' needs.

Mr. Speaker, I hope that this time around the President keeps his promise and signs a strong welfare reform package. His record on this issue has not gone unnoticed by the American people. It is time to reform welfare. Let us do it now.

REPUBLICANS AND THE MINIMUM WAGE

(Ms. MCKINNEY asked and was given permission to address the House for 1 minute.)

Ms. MCKINNEY. Mr. Speaker, finally, after months of prodding and pleading with the Republican leadership, we are going to vote on increasing the minimum wage.

Not too long ago, Mr. Speaker, members of the Republican leadership were saying things like, and I quote,

> I will resist an increase in the minimum wage with every fiber of my being.

Or,

> I'll commit suicide before I vote on a clean minimum wage bill.

While the vote on increasing the minimum wage will only be an amendment to another bill, the fact of the matter is that the votes that we're taking today are neither clean nor real. NEWT GINGRICH and the Republicans have found yet another way to feed the American people a pig in a poke. This Republican political sleight of hand will actually repeal the minimum wage laws and exclude workers from minimum wage protections.

Mr. Speaker, we all feared that the Republicans would go too far. We all feared that the Republicans would serve their rich fat-cat friends at the expense of the rest of us. But, by their offerings today, they've confirmed that our worst fears have indeed come true.

PRESIDENT CLINTON AND WELFARE REFORM

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

Mr. BARLETT of Maryland. Mr. Speaker, it is an election year, so President Clinton is campaigning as a born again conservative, but talk is cheap.

Take welfare reform. In his Saturday radio address, the President said: "Four years ago, I challenged America to end welfare as we know it."

Something funny happened to welfare reform after candidate Clinton became President Clinton. For 3 years—nothing. Then President Clinton vetoed comprehensive bipartisan welfare reform not once, but twice.

The President bragged that he has approved 38 waivers for State welfare reform.

The President neglected to mention that 27 States are still waiting for waivers or that the average wait for the President's approval is 210 days.

The President singled out Maryland's welfare reform for praise.

The President forgot to say that Maryland's Governor Glendening boasted that his personal friendship with the President reduced the waiting period before Maryland's waiver was approved to only 6 months.

It's outrageous for President Clinton to insist that Washington retain its grip on a failed national welfare system.

REPEAL OF THE MINIMUM WAGE

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

Mr. KLINK. Mr. Speaker, a few of the previous spokespersons on the other side talked about welfare reform. If we are going to reform welfare, we have to pay a livable wage for work.

Today, after months of prodding, we are finally going to get an amendment to raise the minimum wage. Only the Republican leadership could, under the guise of raising the minimum wage, actually repeal the minimum wage for millions of American workers. You see, currently those companies that do less than half a million dollars gross per year do not have to pay minimum wage if they are involved in interstate commerce. The Republicans think that is a mistake. So today, they say they are going to fix that.

What they are really going to do is to open the door for garment industry sweatshops, for industrial piecework. This is done in the home for sheltered workshops, for farm workers across this Nation who support their family, not to make a minimum wage. They are going to try to lower wages, see that there is no overtime pay, see that we are returned to long work hours, that we get rid of child labor abuses, protections. We have a situation where they are concerned about computer operators making a livable wage, waiters and waitresses, but they are not concerned about ECO's making 220 times what their workers make.

DEVICE FOR SELF-EXAMINATION OF BREASTS

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

Mr. BARTON of Texas. Mr. Speaker, if I asked the Members of the House what this simple device is, I doubt that very many of my colleagues could tell me what it is. It is actually a breast sensor pad which is designed to be used by women to self-examine their breasts to see if they have breast cancer lumps.

Mr. Speaker, it took the FDA 10 years to approve this simple device for limited use under a doctor's prescription for women to self-examine their breasts. The gentlewoman from Nevada [Mrs. VUCANOVICH] and myself are introducing today a bill that would make this device, which literally could save thousands of lives each year, available over the counter so that millions of American women can go into their drugstore and purchase this and in the privacy of their home self-examine their breasts to see if they have cancer lumps. We desperately need to get this device available.

Nancy Brinker, whose sister, Susan B. Komen, died of breast cancer, and who has established a breast cancer research center in her sister's name, has told me that this simple device is very, very useful and should be available to every American woman who wishes to purchase it. Please join Congressman VUCANOVICH and myself in sponsoring this bill.

EXPLOITING PEOPLE

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

Mr. MILLER of California. Mr. Speaker, today we are going to get a vote on the minimum wage, but unfortunately under the amendments offered by Speaker GINGRICH and the Republicans, they will repeal and take away the benefits of the minimum wage for up to 10 million American workers. For the students who work while going to school, for people who work all day in the sun to put food on our table, for the people who work in sweatshops, for people who wait on us in restaurants and for the disabled who are trying to earn a living and support themselves with their disabling condition, 10 million American workers will find that they will no longer have the protection of the Fair Labor Standards Act and the minimum wage.

NEWT GINGRICH is once again going to bring back the ability of employers to exploit children in the workplace, to exploit women in sweatshops, to exploit the disabled in sheltered workshops. This is not what the American people want. The American people want an increase in the minimum wage so those individuals who have chosen work over welfare will have the ability to support their families, not to exploit those people.

UNEMPLOYMENT IN AMERICA

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

Mr. DUNCAN. Mr. Speaker, last night on the national news it was reported that Americans who have lost their jobs in the 1990s have had to stay out of work much longer than those who lost jobs in the 1980s.

In addition, those who have lost jobs in the 1990s have almost always ended up having to take jobs paying much less than the ones they lost, paying much less than the ones they lost. One and one-half million people have lost good jobs due to corporate downsizing in the last 3 years. We lost 3 million jobs last year due to our trade deficit with other countries. Our unemployment rate is relatively low, but our underemployment rate is terrible.

Most college graduates cannot find jobs in their degree fields, and we are ending up with the best educated waiters and waitresses in the world, yet our Federal Government continues to overtax and even worse overreguate our economy.

Today Government regulations and redtape are making it extremely difficult for small businesses and small farms to survive. We hear about economic insecurity, but many have been lulled into a false sense of complacency, primarily because the stock market is high.

THE POISON PILL IN RAISING THE MINIMUM WAGE

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

Mr. WYNN. Mr. Speaker, by now it is abundantly clear that the Republican leadership wants to kill the minimum wage with a poison pill. Let me explain. Right now 80 percent of the American population wants a raise in the minimum wage. There is bipartisan majorities in both Houses who support an increase in the minimum wage. Today we will have a bill to increase the minimum wage. So what is the problem? Where is the pill?

Well, in this bill there is an amendment that would exempt two-thirds of the companies from the requirements of the bill. That is to say, two-thirds of the companies would not have to pay the minimum wage, which means up to 10 million workers would not get the minimum wage. So we are witnessing today a sham, a minimum wage bill that the people want, that the majorities in Congress want, but that the Republican leadership refuses to bring forward.

They will not bring forward a clean minimum wage. They would rather perpetrate this sham and undermine real minimum wage increases.

RUBBER PRESIDENT

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

Mr. BASS. Mr. Speaker, I bring to your attention an editorial which appears in today's New Hampshire Union Leader entitled, Rubber President, Here's Bill Clinton, Contortionist Extraordinaire.

The editorial discusses the fact that the President has twice vetoed welfare reform and yet, if I may quote, it says, "Knowing BOB DOLE has scheduled a major speech today on the subject of welfare, Mr. Clinton did an about-face over the weekend to declare his support for Wisconsin's Republican welfare reform plan. Unbelievable.

Governor Tommy Thompson's innovative Wisconsin Works program embodies more reform, a lot more reform, than either of the two bills Mr. Clinton vetoed. But now the President says he thinks Governor Thompson's approach is just peachy.

Republicans should call Mr. Clinton's bluff. They should not let him get away with telling the voters he is for welfare reform while vetoing sensible reform bills. Congress should present him with a welfare reform bill based on the Wisconsin plan and dare him to veto what he says he supports.

That is what we will do today, Mr. Speaker. We are going to introduce a sensible welfare reform bill.

ROLLING BACK THE CLOCK

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

Mr. WARD. Mr. Speaker, the entire Gingrich-Dole Congress that we have seen for the last year and a half has been about one thing: rolling back the clock. Whether it is on Medicare, the environment, educational assistance that we give from the Federal Government, it has been about rolling back the clock.

Here we go again. Now under the guise of raising the minimum wage, which is at a 40-year low in purchasing power, they are in fact going to repeal the minimum wage for millions of American workers.

□ 1030

Just think of the cynicism that reflects, the opportunity of helping people who are trying to get ahead, people who are playing by the rules and trying to stay off welfare. They are using that as an opportunity to take millions off the protection of the minimum wage.

We only need to remember what the Gingrich-Dole leader of the Congress said. "I will resist a minimum wage increase with every fiber of my being," he said. And do my colleagues know what? What they are doing today makes me sick.

NO MFN FOR BARBARIC PEOPLE LIKE THIS

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

Mr. WOLF. Mr. Speaker, I have a picture here showing Chinese security forces lining men up and putting pistols in the back of their heads and shooting them, and then they take their kidneys and their cornea for transplantations and sell them to people in the West.

We are going to give MFN to a country like this?

What baffles me is, as a Member who has served in this body during the 1980's when Sakharov was under house arrest, and it was his 75th birthday yesterday, and Sharansky was in Perm Camp 35, no Member of the Congress would have had the courage to come to the well of this House and ask for MFN for the Soviet Union, and yet this administration and this Congress are really going to consider doing that.

Members may not want to hear this, and the administration may not want to hear this. This may be the fundamental moral human rights issue that this Congress has to deal with.

Take a look, Members, and I have the film, the 13-minute film. Call my office, we will bring it by. Lining men up, putting pistols in the back of their head, shooting them, and then taking their kidneys and corneas for transplant. No MFN for barbaric people like this.

REPUBLICAN EXTREME AGENDA CONTINUES TODAY ON THE MINIMUM WAGE

(Mr. WATT of North Carolina asked and was given permission to address the House for 1 minute.)

Mr. WATT of North Carolina. Mr. Speaker, today we are going to see the rest of the story, the rest of this extreme agenda that the Republican leadership has been playing out all this term of Congress. We have seen it in Medicare, we have seen it in an erosion of occupational safety, we have seen it in an effort to allow the big cats to raid pension plans, we have seen it in wage and hour laws changes, and today we see the rest of the story: They are coming today to try to do away with the minimum wage.

Now they are talking about giving a minimum wage increase, but the truth of the matter is this bill will attempt to repeal the minimum wage for three-fourths, 75 percent, in fact, of the companies in this country, and that is outrageous and unacceptable and extreme.

The rest of the iceberg will be seen today.

INTRODUCTION OF THE BREAST CANCER DETECTION ACT

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

Mrs. VUCANOVICH. Mr. Speaker, what is pink, round, was stalled at FDA for 10 years and now can be obtained only by prescription? No; it is not a funny riddle. The sad truth is it describes the sensor pad, an important tool which could be used to aid breast lump detection.

While the FDA has finally approved this product, it is available only by prescription. Instead of paying only $21.95, women must first go to a doctor to get a prescription, making costs rise substantially. FDA's action restricts access to women who simply cannot afford to go to the doctor unless something is truly wrong.

This year it is expected that 184,300 women will find out that they have breast cancer. Since there is no cure for breast cancer, we must continue to give women encouragement to perform breast self-examinations and take part in other early-detection practices. Today I am introducing the Breast Cancer Detection Act to make this examination aid available. I urge Members to cosponsor this important bill.

GIVE THE AMERICAN PEOPLE WHAT THEY NEED: A RAISE

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

Mr. VENTO. Mr. Speaker, this GOP minimum wage bill is a hoax; it is really indecent. All year long the Republican House and Senate have refused to raise the minimum wage, even to have a vote on it. Now we know why: because Republican leadership, between GINGRICH and DOLE, are devising an excuse, a scheme really, to gut and repeal the existing minimum wage. One step forward, two steps back, a measure which would give a license to the Republican corporate friends to exploit the work force, working families. Working families do not need bait-and-switch. They need, working families do not need, political games. They need a raise. They need empowerment, a wage that takes them above the poverty level, and a Congress that votes for a minimum wage on the level.

Mr. Speaker, the best welfare program is a job and a job that pays a living wage. Let us vote for a clean minimum wage bill and give the American people the type of empowerment that working families need: self-sufficiency with an adequate living wage so they can take care of themselves.

PRESIDENT OUTRAGEOUSLY CLAIMS HE IS COVERED BY THE SOLDIERS AND SAILORS RELIEF ACT

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

Mr. WELDON of Pennsylvania. Mr. Speaker, this story should be in Ripley's Believe It Or Not. Lawyers for the President of the United States, Bill Clinton, who has been sued by a former Arkansas State employee, have now asked to postpone the lawsuit claiming that the President, who is the commander in chief, should be covered by the Soldiers and Sailors Relief Act of 1940, which means they are claiming that Bill Clinton should be protected as a uniformed service member.

Mr. Speaker, this is outrageous. On the eve of Memorial Day, this man, to

avoid a lawsuit, would claim he is protected because he really is wearing the uniform of this country.

Mr. Speaker, how outrageous can we get? Only in Ripley's could we find such a story.

Please join me and sign the letter authored by our colleague, the gentleman from Arizona [Mr. STUMP], to this President asking for some civil decency.

FIFTEEN PERCENT RAISE FOR CORPORATE EXECUTIVES; REPUBLICANS ATTEMPTING TO REDUCE MINIMUM WAGE

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

Mr. MARKEY. Mr. Speaker, Harry Truman used to say the Republican Party supports the minimum wage. The lower the minimum, the better.

In today's Forbes magazine, the bible of the Republican Party, we find that the 800 top chief executives in the United States averaged $1.5 million last year, up 15 percent. But for the minimum-wage workers in this country, the Republican Party wants nothing for them, no increase whatsoever, and the proposal they are bringing out here will lead to a reduction in pay for millions of these working people.

The Republican Party has had two responses so far this year. First, like Oliver Twist, when he held up his empty bowl and said "More," the workhouse master said, "Too much," and the second Republican response has been revolutionary, as in the French Revolution when the starving French citizens pleaded for bread and Marie Antoinette said, "Let them eat cake."

REPUBLICANS AND THE MINIMUM WAGE—THEY OUGHT TO BE ASHAMED

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

Mr. LEWIS of Georgia. Mr. Speaker, NEWT GINGRICH and BOB DOLE oppose an increase in the minimum wage. The Republican leader has said he will fight the minimum wage with every fiber in his being and the Republican whip has said in regard to families living on the minimum wage, they do not exist.

Today, the Republicans in this House are pulling one of the dirtiest and most despicable deceptions I have seen in my 10 years in this House. They say they support an increase in the minimum wage, but today they will vote to repeal the minimum wage for nearly two-thirds of the people earning that wage. That is right, repeal the minimum wage.

Unbelievable, Mr. Speaker. Extreme in the extreme. You ought to be ashamed of yourselves, Mr. Speaker, you ought to be ashamed.

PERMISSION FOR SUNDRY COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. GUTKNECHT. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House under the 5-minute rule: The Committee on Agriculture, the Committee on Commerce, the Committee on Government Reform and Oversight, the Committee on International Relations, the Committee on National Security, the Committee on Resources, the Committee on Veterans' Affairs, and the Permanent Select Committee on Intelligence.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

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

There was no objection.

PRAIRIE ISLAND INDIAN CHARTER REVOCATION

Mr. HASTINGS of Washington. Mr. Speaker, I ask unanimous consent for the immediate consideration in the House of the bill (H.R. 3068) to accept the request of the Prairie Island Indian Community to revoke their charter of incorporation issued under the Indian Reorganization Act.

The Clerk read the title of the bill.

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

Mr. KILDEE. Reserving the right to object, Mr. Speaker, and I will not object, I yield to the gentleman from Washington [Mr. HASTINGS] to enable him to explain the legislation.

Mr. HASTINGS of Washington. Mr. Speaker, the purpose of H.R. 3068, authored by the gentleman from Minnesota [Mr. GUTKNECHT], is to accept the request of the Prairie Island Indian Community to revoke their charter of incorporation issued under the Indian Reorganization Act. The Federal charter of incorporation for the community contained a provision which requires that it can only be revoked by an act of Congress.

The revocation was requested by the community because the community has never used it in the management of its enterprises, finding it to be outdated, ineffective, and cumbersome. Instead, the community relies on provisions in its constitution.

A similar revocation relating to the Minnesota Chippewa Tribe was included in Public Law 104–109. I ask for the Members' support for this noncontroversial measure.

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

Mr. KILDEE. Further reserving the right to object, I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Mr. Speaker, today I am pleased to offer H.R. 3068, a bill to repeal the corporate charter of the Prairie Island Dakota Community in Welch, MN.

The tribe contacted me last June requesting revocation of their 1934 charter. By law, revoking this 62-year-old document can only be done by an act of Congress.

In its entire tribal government history, the Prairie Island Community has never used its corporate charter in the management of its enterprises. Additionally, with this outdated and paternalistic charter, the tribe is restricted from doing many of the things necessary to carry out business activities.

For example, the community cannot sell or mortgage property, lease land for more than 10 years, or contract for work without approval from the Interior Department.

This legislation acknowledges that the people of Prairie Island know best how to handle their business. It is another example of this Congress sending control back to local communities, and I am proud to be a part of that process.

My colleagues, I and the good people of the Prairie Island Community would appreciate your support for this important legislation.

Mr. KILDEE. Mr. Speaker, further under my reservation of objection, like many tribes, the Prairie Island Community has realized the many shortcomings of the BIA's 1930's policy of encouraging tribes to incorporate under the Indian Reorganization Act. I think that it is a good thing that we are finally beginning to shed some of the paternalistic vestiges of those times. I hope that we keep this in mind as we deal with future legislation affecting Indian tribes.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the bill, as follows:

H.R. 3068

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

SECTION 1. REVOCATION OF CHARTER OF INCORPORATION OF THE PRAIRIE ISLAND INDIAN COMMUNITY UNDER THE INDIAN REORGANIZATION ACT.

The request of the Prairie Island Indian Community to surrender the charter of incorporation issued to that Community on July 23, 1937, pursuant to section 17 of the Act of June 18, 1934, commonly known as the "Indian Reorganization Act" (25 U.S.C. 477) is hereby accepted and that charter of incorporation is hereby revoked.

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

third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HASTINGS of Washington. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on the bill just passed.

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

There was no objection.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The SPEAKER pro tempore. Pursuant to House Resolution 437 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. 3259.

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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. 3259) to authorize appropriations for fiscal year 1997 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, with Mr. DICKEY 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 Texas [Mr. COMBEST] and the gentleman from Washington [Mr. DICKS] will each control 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. COMBEST].

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

Mr. Chairman, I am pleased to bring H.R. 3259, the Intelligence Authorization Act for fiscal year 1997, before my colleagues for consideration and, I trust, approval.

Before I turn to the contents of the bill, I would like to thank the staff of the committee for their hard work. We marked up two bills in 1 week and brought this bill to the floor in half the time that we have taken in the past. None of this would be possible without our staff's diligence and very long hours.

Five short months ago, I spoke on the floor about the conference report for the fiscal year 1996 authorization. I noted at that time that we had been disappointed in the President's budget submission on intelligence for fiscal year 1996 because it did not show the forward thinking and vision I think our intelligence policy needs. Instead of a blueprint, we got a snapshot of 1 year's needs. I also noted that another such submission would not be acceptable. I had been assured by both the Vice President and the Director of Central Intelligence that the fiscal year 1997 intelligence budget would show vision and foresight.

Unfortunately, this has not been the case. The budget we received was more of the same, another status quo budget. To say that we have been disappointed would be an understatement. That is why the committee has made more substantial changes in the intelligence budget than last year. The details of those changes are in the classified annex, which I hope Members have taken the time to read.

Our changes were made only after the most careful consideration. We held 6 full committee hearings, 15 member briefings, and more than 100 staff briefings. I might add that we expect to have further briefings between now and conference on issues that are still undergoing changes.

Overall, this bill increases the amount requested by the President by an additional 3.9 percent. It is money well spent. As always, our ability to talk in detail on this subject is limited, but as many of my colleagues know, U.S. intelligence continues to provide crucial support for sensitive negotiations and for U.S. forces deployed overseas, and in combating terrorism, narcotics, and proliferation.

I would like to spend a few moments highlighting some of the major aspects of this bill.

Our most important intelligence asset is the people who are the intelligence community. Downsizing, more drastic than we had first assumed, has taken its toll and yet we are still faced with the problem of the proper skills mix in each NFIP agency. There are also a number of quality of life issues that are of fundamental importance. I give DCI Deutch full credit for making personnel reform his highest priority issue. Unfortunately, he did not provide the committee with the kinds of detail we require in order for us to commit the sums of money he needs. Section 403 of our bill denies authorization for the expenditure of funds for personnel reforms until the committee is briefed. Some may argue that we are taking the DCI to task with this provision. We are not. Our colleagues in the other body have no provisions at all in their bill that deal with personnel reform. Section 403 is a good-faith pledge on the part of our committee that we will address this important issue when we have a detailed proposal.

Some of our most important changes to the President's budget are in the National Reconnaissance Program. Last year we began to force the NRO to give more thought to alternative means of intelligence collection, with satellites that are smaller and cheaper, yet no less capable. Many attacked this vision. I am happy to report that it has been confirmed by experts and that we will continue to push the NRO along these lines. We are coming up to a crucial moment of generational change in our satellite systems. Unless we begin planning for that now, we will face a future when we will pay more to know less in a more complex world.

As we did last year, we are limiting the amount of money that can be spent on declassification under President Clinton's Executive Order 12958. We favor more open government. Some of the recent declassifications of such programs as CORONA and VENONA underscore the achievements and importance of intelligence. But we do take exception to having annual expenditures mandated by an Executive order for a program that has yet to prove it can declassify without revealing secrets.

H.R. 3237 helps put us on the path toward the intelligence community we will need in the 21st century. I despair that this President will ever give us the kind of intelligence budget that will move us in the right direction by bold and large steps, rather than hesitant ones. I look forward to the next President doing so, soon. Until then, I know that my colleagues will support this bill so that we can move the intelligence community in a positive direction.

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

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

Mr. Chairman, I rise in support of the legislation now before the House.

I want to begin by commending Chairman COMBEST for the manner in which he has presided over the committee's activities this year. He has been solicitous of the views of the Democratic members and has sought to address our concerns when he felt it possible to do so. We do not agree on every issue, although we do agree on many, but I have always felt that he was willing to give us the opportunity to make our case, particularly on matters concerning the intelligence budget.

We are, of course, waiting to have a couple of additional hearings, Mr. Chairman, on some of the issues that we discussed in our markup.

At a time when most programs are feeling the effects of a constrained budget environment, H.R. 3259 provides a significant increase—nearly 5 percent over the amount authorized for the current fiscal year and about 6.5 percent over the amount appropriated for fiscal year 1996. While some of this increase is the result of the substantially higher defense budget approved by the House, a major portion reflects decisions by the committee that a number of intelligence systems need to be modernized to respond to future requirements. These improvements to highly complex systems are expensive, but

they are necessary if the United States is to retain the world's preeminent intelligence capability—a capability that will be of increasing importance as a source of early warning to policymakers and military commanders in the years ahead. I urge the House not to adopt amendments which would make across-the-board reductions in the authorization level in this bill. While I understand the sincerity of the views which motivate those amendments, I believe they would substantially impair the ability of the intelligence community to make investments in several systems that will be of great value in the future.

In spite of the positive aspects of this bill, committee Democrats have, as we did last year, several fundamental disagreements with the majority over programs administered by the National Reconnaissance Office [NRO]. The bill would terminate or delay a number of programs designed either to address intelligence shortcomings noted in the Persian Gulf war or in other ways to improve the provision of timely support to intelligence customers, particularly the battlefield commander. Military operations, and the sophisticated weapons systems which are used in them, place an increasingly high premium on accurate intelligence.

On March 6 of this year, former Secretary of Defense Harold Brown and former Senator Warren Rudman appeared before the committee in open session to report on the work of a commission they led, and on which I served, to examine the roles and capabilities of U.S. intelligence. At the March 6 hearing, Secretary Brown noted that "if it were not for the existence of the Department of Defense, the intelligence budget would, in my judgment, be maybe 10 percent of what it is." I agree with Secretary Brown about the priority of military requirements within those assigned to the intelligence community. I further believe that we should proceed very carefully when we decide to alter a satellite architecture which Defense Department officials, both civilian and uniformed, have indicated is essential to ensuring that future military operations can be conducted successfully without unnecessarily endangering American personnel.

Regrettably, the committee has embarked on a course, with respect to NRO programs, which will leave important military intelligence requirements unmet. That is not a good result in a bill which establishes authorization levels that in the aggregate can only be justified on national security grounds. Before we finally endorse decisions which may place at risk the ability of the Department of Defense to fulfill its mission, we need to clearly understand what capabilities we are being asked to forgo and the consequences of those actions. To his credit, Chairman COMBEST has promised that, before we get to conference on this legislation, hearings will be held on these matters. I hope those sessions will provide a firmer basis than we now have for making judgments in these critical areas.

Mr. Chairman, despite the reservations just expressed, I believe the bill before us is, in balance, a sound one and should be approved. I look forward to working with Mr. COMBEST to improve it in conference, but I urge its adoption today.

Mr. Chairman, I yield 6 minutes to the gentleman from New Mexico [Mr. RICHARDSON], a distinguished member of our committee.

Mr. RICHARDSON. Mr. Chairman, I thank the ranking member for yielding time to me.

Mr. Chairman, let me first express my most heartfelt appreciation to Chairman COMBEST for his support in allowing me to undertake several initiatives in the intelligence and foreign policy arena. Mr. COMBEST has been very accommodating since assuming the chairmanship of the Intelligence Committee and I want to commend him for his stewardship.

Second, I would like to congratulate the chairman for crafting a bill in a nonpartisan fashion that catapults our intelligence community into the future armed with the necessary tools to perform an ever changing and diverse mission. In past years, the focus of our intelligence operations and efforts were rightfully targeted predominately at the former Soviet Union. With the demise of the cold war and the splintering into several independent states of the Soviet Union, new and different requirements have been leveled on the intelligence community. No longer can we concentrate solely on issues concerning Soviet force strength and military concept of operations. Today's policy makers need accurate intelligence information on global issues such as proliferation of weapons of mass destruction, narcotics, terrorism and world economies. I am confident that the bill crafted by the chairman and ranking democratic member NORM DICKS, prepares the community to meet the challenges posed by their new missions and requirements.

When Director Deutch testified at his confirmation hearing before the Senate Intelligence Committee he stated that his No. 1 priority was to replace an arcane and ancient personnel system with a system that responded to the dynamics of todays working men and women. I am concerned with the committees action in not fully supporting the Director in his personnel initiative and fear the action that the committee has taken is simply not in the best interests of the dedicated men and women of the Central Intelligence Agency. These individuals perform very difficult tasks and it is in large part because of the tireless work they do that Americans across our great Nation are able to sleep peacefully at night without fear of a foreign threat. In the coming weeks I hope that the committee will not lose sight that people are the CIA's most valuable asset and that the necessary funds should be authorized if we are to maintain an intelligence agency second to none in the world. The DCI has put a tremendous amount of thought and work into this effort and we should support the employees of CIA by throwing the weight of this committee and the Congress behind the personnel proposal.

Mr. Chairman, when I was first appointed to serve on this important committee I was struck by the dearth of minorities employed in the intelligence community. The percentages of minorities represented in the various intelligence agencies lagged so far behind the civilian labor force that it was quite frankly embarrassing. Since that time, significant progress has been achieved and I congratulate the directors of intelligence community agencies for their attention to this very important issue. Women and minorities have always been and shall continue to be significant contributors to our society. Their talent, commitment, and patriotism is as evident as anybody's and they should have the same opportunities as any American. I encourage the leaders of the intelligence community to continue to tap into the vast resources of our minority and female population. Additionally, I want to praise Chairman COMBEST for his commitment in continuing this committee's resolve to discharge our oversight responsibility in this critical area.

Mr. Chairman, throughout my tenure on the Permanent Select Committee on Intelligence I have been a constant proponent of covert action. When used properly in support of foreign policy, covert action is an effective weapon in a diplomats arsenal. To ensure our capability to conduct successful covert action activities, an infrastructure must be maintained that will permit the CIA to undertake covert action activities on short notice yet with the necessary support base required for successful operations. I believe that the bill before us today satisfies my concern that such a capability be sustained at an appropriate level. While the need for engaging in covert activities may be minimal today, nobody can predict the future. Therefor, maintaining a prudent infrastructure acts as an insurance policy for our Nation and I am pleased to recognize that our bill provides our citizens with the necessary coverage.

In closing Mr. Chairman, I would like to express one final concern. While I support this bill I am somewhat troubled by the funding level. The measure before us today is 3.9 percent above the administration's request and 4.9 percent over last year's authorized level.

In a period of Government downsizing every effort should be made to ensure that no agency is getting more money than it needs. In fact, we in Congress should do everything in our power to ensure that the Federal Government operates on an astute budget. I am fully aware of the importance intelligence plays in our Nation's security and of the argument that as our defense establishment downsizes the role of the intelligence community increases if for no other reason than for indications and warning purposes. However, we must not exempt intelligence agencies from sharing their fair burden in downsizing the Federal Government. That being said, let me point out that I have full and complete confidence in the chairman and ranking Democratic members ability to formulate an intelligence budget that accurately reflects the needs of our country. I just wanted to raise this issue as a concern of mine because I don't want to send a signal that there is a bottomless reservoir of funds available for intelligence purposes. My concerns about funding levels and commitment to maintaining a lean yet sufficient intelligence budget is in no way reflective of the high regard in which I hold intelligence community personnel. I appreciate the fine work intelligence employees do, the Nation appreciates the duties they perform.

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Mr. Chairman, at a later time in this amendment process I will be offering an amendment that I believe makes sense, that is supported by the Nation's journalists and media, that basically states, which is already a policy of the agency, that no intelligence assets will be used with journalists. I will be offering this amendment later. I urge support for this provision.

Again, my thanks to Chairman COMBEST for his support of my activities and for crafting a good bill, not a perfect bill, but still a bill that deserves our support.

Mr. COMBEST. Mr. Chairman, I yield myself 2 minutes to say I appreciate the kind remarks of both the ranking member, Mr. DICKS, and the gentleman from New Mexico, Mr. RICHARDSON. It is a pleasure working with all members of this committee. While we may have some philosophical differences, we, I think as well as any committee, have always tried to make certain that every member was heard.

Let me just make two quick comments, one on the issue of the comments by the gentleman from New Mexico on the overall amount of the budget. I would remind Members that in real numbers this budget is 14 percent below fiscal year 1990 in terms of expenditures.

The issue of personnel, I would just want to state for the record that this committee has always had, No. 1, a keen respect and admiration for the individuals who put their lives on the line and for the intelligence community. We initiated on this committee in the past major personnel reforms. I might add last year we did that, as well, and found both the administration and other committees of the Congress in objection to those, and subsequently those were removed from the bill.

As explained to the Members in the personnel hearing, we will be moving forward on the DCI's recommendations for personnel reform, only wanting to look at those in a much more detailed fashion than we have been able to do up to this point. I would be remiss if I did not indicate we do have great admiration for those people who are involved in the community.

In the area of overall funding, without getting into those areas that make it difficult to discuss, I am sure the gentleman from New Mexico is aware, following a discussion of the National Reconnaissance Organization's carryforward account last year, which was discussed quite publicly, and even more so recently, there were substantial reductions taken in last year's level. When we compare our this year's bill to the last year's level, we are accommodating a request of the administration to replace some of those funds that were taken out last year, to the tune of several hundreds of millions of dollars and, consequently, that is reflected in the overall.

Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SHUSTER], a very valued member who is in his second term or sentence on the Permanent Select Committee on Intelligence, however one might put that, and at one time served as ranking member, who I had the fortune of sitting next to.

Mr. SHUSTER. Mr. Chairman, I thank Chairman COMBEST for yielding me the time. I certainly rise in strong support of this legislation. This act funds a wide range of extremely important intelligence activities which are vital to our national security.

One of the areas in which I paid particular attention when I did serve as the ranking member of the committee, and have continued to focus on, is the area of illegal drugs coming into this country. Indeed, in 1989 I was very supportive, along with others, in creating the counternarcotics center at the CIA.

Since the creation of that center and in large measure because of the creation of that center, extraordinary successes have been realized in bringing down key elements of the Colombian drug cartel. While the specific examples remain classified, one can say quite positively, forcefully, and enthusiastically that our country and our intelligence community has made very substantial contributions and great successes in weakening the Colombian drug cartel.

Sadly, however, in the last 3 years we have not seen the same robust effort with this administration that we witnessed during President Bush's tenure, when he really revitalized our counternarcotics intelligence programs and announced for the first time a national drug control strategy in August 1989.

Many people do not realize that in America, from 1980 to 1992, our country witnessed a steady decline in drug use. Let me emphasize that. From the beginning of the Reagan administration through the Bush administration, our Nation witnessed a steady decline in drug use. This was in large measure because both President Reagan and President Bush and their administrations were very serious about targeting the drug flow into the United States.

Sadly, since 1993 drugs have once again been on the upsurge. According to Donna Shalala, the Secretary of Health and Human Services, marijuana use in our most vulnerable youth, ages 12 through 17, doubled between 1992 and 1994, and virtually every hard-core user once started as a casual user. It usually starts with marijuana, amphetamines, or other so-called soft drugs that are attractive to our youth.

We indeed need to revitalize at the very top levels of this administration our counterdrug programs, and the dramatic rise in marijuana use is a wake-up call to all of us.

Now, as Chairman COMBEST and the committee considered what can be done about this problem this year, an important opportunity presented itself, which was the transfer of the National Drug Intelligence Center to the National Foreign Intelligence Program. This drug intelligence center, which was first chartered in 1991, provides strategic intelligence for all sources, including the national foreign intelligence community, collates it and provides information to law enforcement entities to assist their activities in the United States.

They are able to provide critical intelligence to chosen links to foreign narcotics organizations and indeed their arms in the United States. This enables law enforcement here, both DIA, FBI and others, to reach out and strike against narcotics traffickers in the United States as well as those abroad. The Drug Intelligence Center can draw on a pool of highly talented and motivated professionals.

Congressman JACK MURTHA deserves tremendous credit for really being the father of this program, and I am very pleased to continue the support of that effort. Moreover, I pledge as a member of the Permanent Select Committee on Intelligence to ensure that the national foreign intelligence community provides all the support it can to the Drug Intelligence Center consistent with existing law.

For all those reasons, Mr. Chairman, I strongly urge the passage of this legislation.

Mr. DICKS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Colorado [Mr. SKAGGS], a very valued member of our committee.

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

Mr. Chairman, first of all, I also want to thank our chairman, who has been very responsive and accommodating, as well as our ranking member, the gentleman from Washington, and the terrific staff that this select committee is privileged to rely on.

I want to support this bill because I believe on balance it does meet vital national security needs. However, I do have some serious concerns about it.

It is obviously essential to support the activities of the intelligence community as we seek to understand and confront a whole range of post-cold-war challenges, whether terrorism or weapons of mass destruction, environmental degradation, many other things. This bill provides budget authority for these important responsibilities. And we should also be under no illusion that, just because the cold war is over, that this country faces no traditional threats to our national security, at which intelligence capabilities need to be directed.

I do have concern about the overall authorization level, as has already been pointed out. It exceeds substantially the amount requested by the President, the amount authorized and the amount appropriated for this fiscal year. In a time of tight budgets, when we are cutting environmental enforcement, education or any number of things, I would have preferred an authorization closer to the President's request. But authorizing more doesn't automatically translate into appropriations.

Mr. Chairman, I have a couple of serious concerns that I would like to address, involving continued support for the declassification of documents, and funding for what is known as the Environmental Intelligence and Applications Program.

The first of these relates to the President's Executive order establishing a uniform system for declassification, safeguarding and handling national security information and the implementation of that order. There are some statements in the committee's report on this bill that criticize the approach being taken under that order and the way reviewing agencies are handling document declassification.

The statements suggest that the majority may be proposing the adoption of an extremely restrictive and, I fear, an extremely slow and expensive, risk elimination approach, rather than a risk management approach, to the handling of declassification. It remains a fact that there are documents that should be declassified, documents that remain classified for no other reason than inertia. Declassifying them should proceed, and I am convinced that this task can be managed at acceptable cost and without compromising sensitive information.

The current risk management approach does not lead to any abdication of agency responsibility to protect sources and methods; it simply is a sensible acknowledgement that resources should be focused in areas of greatest risk. If Congress mandates a system of reviewing documents that is so cumbersome that there is virtually no chance of anything getting declassified, we will be right back where we started before this reform effort got underway.

Mr. Chairman, the second area I would like to speak to has to do with the Environmental Intelligence Applications Program. The bill before the House right now would authorize only $6 million here, significantly below the President's request. I think this is a shortsighted cut and one that I hope can be addressed, either through Mr. WELDON's proposed amendment today or later in conference. Six million dollars is simply not sufficient to carry out the goals of the program.

It would limit the use of intelligence products for environmental research and could jeopardize very important environmental information exchanges with Russia. This program is clearly responsive to the needs of national policymakers. It brings unique information to our understanding of global environmental challenges, and it has provided striking benefits to the intelligence community in improved technical capabilities of their collections systems. It is a low-cost, high-yield effort which is well supported among intelligence consumers, both in and out of intelligence agencies, and it should not be singled out for reduction from among all the analytic efforts of the intelligence community.

I think Congress should continue to support the President's bold initiative to implement a safe and cost-effective means of declassifying documents, and I am also hopeful that we will be able to work in conference, or through the adoption of Mr. WELDON's amendment, to authorize adequate funding for the Environmental Intelligence and Applications Program.

With those points in mind, Mr. Chairman, I urge the passage of the bill.

Mr. Chairman, I support this intelligence authorization bill because I believe that on balance it meets vital national security needs. However, I do have several serious concerns.

It is essential to support the activities of the intelligence community as we seek to understand and confront such post-cold-war challenges as ethnic conflict, terrorism, the proliferation of weapons of mass destruction, and global environmental degradation. This bill provides authority for these important functions. We should also be under no illusion that we face no traditional threats to our national security, at which intelligence capabilities need to be directed.

I do have a concern about the overall authorization level. This bill authorizes an intelligence funding 3.9 percent above the amounts requested by the President, 4.9 percent above the amounts authorized last year, and 6.9 percent above the amounts appropriated last year. In a time of tight budgets, when funding for education and the environment is being slashed, I would have preferred an authorization level closer to the President's request. But authorizing more does not automatically mean we will appropriate all that's authorized.

I also have serious concerns about two specific matters: continued support for declassification of documents; and funding for the Environmental Intelligence and Applications Program [EIAP].

My first of these relates to implementation of President Clinton's Executive order that establishes a uniform system to classify, safeguard, and declassify national security information. There are some statements in the committee report on this bill that criticize the risk management approach that Government agencies have adopted in reviewing documents to be declassified under that Executive order. These statements suggest that the majority may be proposing the adoption of an extremely restrictive, and extremely slow and expensive, risk-elimination approach to handle the review of classified documents.

It remains a fact that there are documents that should be declassified, documents that have remained classified for no reason other than inertia. Declassifying them should proceed, and I'm convinced that this task can be managed, at acceptable costs and without compromising sensitive information.

The current risk management philosophy does not lead to an abdication of the agencies' responsibility to protect sources and methods; it is simply a sensible acknowledgement that resources should be focused on areas of greatest risk. If Congress mandates a system of reviewing documents that is so cumbersome that there is virtually no chance of anything getting declassified, we will be right back where we started before efforts began to rationalize the system.

In a democratic and free society, the people are entitled to be informed about the activities of their government. State secrets are a necessary exception to that general principle, but an exception that should be limited.

When I joined the Intelligence Committee in 1993, I was astonished to learn that agency heads couldn't say even roughly how much of their budget was spent on document classification and security. Millions of documents that posed no real threat to national security were nonetheless being held under lock and key at tremendous cost to U.S. taxpayers. Some of the most astonishing examples included documents about U.S. troop movements in Europe during the First World War, and documents concerning POW/MIA's in the Korean war. Despite sweeping changes in the international arena, the classification bureaucracy was still stuck on autopilot, stamping "secret" on nearly 7 million new documents each year and marking 95 percent of these papers for indefinite restrictions.

I decided to do something about this. The result was the first ever accounting of the costs and number of personnel involved in classifying and maintaining Government secrets. These reports revealed that keeping millions and millions of accumulated documents secret was keeping 32,400 workers employed and consuming $2.28 billion worth of agency budgets.

The next year, I took the reform effort one step further, by requiring agencies to come up with suggestions about how to cut spending on classification and secrecy. This initiative led to a government-wide program of cost accounting and expenditure reduction efforts involving all the agencies that make up the intelligence community.

The President consolidated the reform effort with the issuance of Executive Order 12958 on April 17, 1995. Section 3.4 of the order requires that, unless grounds for an exemption exist, classified information contained in records over 25 years old and of permanent historical value, shall automatically be declassified within 5 years. Information is exempt from declassification if, among other reasons, its release likely would: reveal the identity of human sources; impair U.S. cryptological systems or activities; undermine ongoing diplomatic activities; or, assist in the development of weapons of mass destruction.

Congress should work with the administration so that the agencies can continue to implement classification reform in a cost-effective manner. Let's not cripple agency efforts to reform just as we're beginning to turn the tide on the costly sea of secret paper.

My second specific area of concern is the reduction contained in this bill for the Environmental Intelligence and Applications Program [EIAP].

The bill would authorize only $6 million for the program, significantly below the President's request. I think this is a shortsighted cut, and one that I hope can be addressed either through Mr. WELDON's proposed amendment today or later in conference. Six million dollars is not sufficient to carry out the goals of the program in fiscal year 1997. It would limit the use of intelligence products for environmental research and could jeopardize environmental information exchanges with Russia.

The EIAP is clearly responsive to the needs of national policymakers. It brings unique information to our understanding of global environmental challenges. And it has provided striking benefits to the intelligence community in improved technical capabilities of collection systems. This is a low-cost, high-yield effort which is well supported among intelligence consumers, both in and out of intelligence agencies. It should not be singled out for reduction from among all the analytical efforts of the intelligence community.

One of the main purposes of the EIAP is to ensure that a select group of the Nation's leading scientists in hydrology, geology, oceanography, and other earth sciences, are fully briefed on the capabilities and information resources of the U.S. intelligence agencies. These scientists, through what is known as the MEDEA Program, in turn bring their insights and expertise to bear on environmental questions—both in the civil and national security arenas.

For example, the MEDEA scientists found that imagery from the Corona, Argon, and Lanyard systems would have particular value to the environmental sciences, and this contributed to the President's decision to declassify these images.

The scientists also have worked on experiments to understand how our intelligence systems can be useful in addressing environmental questions. With the many billions that have been invested in these systems, it makes good common sense to use them for additional purposes that won't detract from their intelligence missions.

In addition, this program has been of particular benefit to the Navy. The MEDEA group has worked with the Navy's operational and research oceanographers to address problems in Naval oceanography.

The program also was the catalyst for a cooperative arrangement with a similar group of scientists from the civil and military sector established in Russia. The Gore-Chernomyrdin Commission Environmental Working Group led to the Navy's reaching an agreement with its Russian counterpart to conduct a survey in the Sea of Okhotsk, an area closer to continental Russia than has ever before been surveyed by the Navy. It will lead to the collection of twice the data that could have been collected unilaterally.

We cannot develop national policies to deal with national and international environmental threats like decertification, the destruction of rain forests, global climate degradation, and unsafe dumping of environmental and nuclear waste, unless our policymakers and scientists have access to data that identifies where threats are coming from. The best technology for obtaining this data is already available. We just need to put it to use.

I think Congress should continue to support the President's bold initiative to implement a safe and cost effective means of declassifying documents. And I'm hopeful that we will be able to work in conference to authorize adequate funding for the Environmental Intelligence and Applications Program.

I urge passage of the bill.

Mr. COMBEST. Mr. Chairman, I would inquire of the Chair of the time remaining in general debate.

The CHAIRMAN. The gentleman from Texas [Mr. COMBEST] has 18½ minutes remaining, and the gentleman from Washington [Mr. DICKS] has 16 minutes remaining.

Mr. COMBEST. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WELDON].

Mr. WELDON of Pennsylvania. Mr. Chairman, I thank my distinguished chairman and friend for yielding me the time, and I want to commend both the gentleman from Texas [Mr. COMBEST] and the gentleman from Washington [Mr. DICKS] for their outstanding leadership on intelligence matters.

Mr. Chairman, I rise as the chairman of the Committee on National Security's Subcommittee on Military Research and Development. My subcommittee has joint jurisdiction over at least $9 billion of funding in this intelligence effort, and so I have a real and genuine interest in the fine work that is being carried forth by this committee. I applaud both Members for their bipartisan efforts to support and enhance the intelligence operations that are so vital to decisions that we make in the defense community, especially as they relate to missile to missile technology and those new R&D initiatives that are so important to allow America to maintain its leadership role.

Mr. Chairman, I will be, however, offering an amendment under title I today dealing with a shortfall in terms of the funding amount in the bill for the Environmental Intelligence and Applications Program, formerly known as the Environmental Task Force.

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This funding has been cut to about one-third to only $6 million. Several of our colleagues have spoken to the issue. I had been intimately involved in a firsthand way with this program and think it would be an absolute travesty if we were to allow this program to be cut to this level.

In December of last year, Mr. Chairman, my subcommittee held a hearing, where I had as one of my witnesses Alexei Yablakov. Mr. Yablakov is a member of the Yeltsin National Security Council for Environmental Issues. He is a recognized world expert on the 30-year historical track record of the Soviet Union illegally dumping its nuclear waste in the Bering Sea, the Sea of Japan, and the Arctic Ocean. Only because of Yablakov's openness and his advocacy have we in the West been able to deal with this environmental tragedy.

When Mr. Yablakov came before my subcommittee last December, he in great detail outlined the specifics of what occurred. Much of the efforts of Mr. Yablakov and numerous other scientists of the same caliber is directly attributable to this program, established under the guise of the Environmental Task Force.

This program has been supported by the administration, specifically by Vice President AL GORE, who sees it as a top priority, and a cut of this magnitude in this bill would be devastating.

This program also allows us to pursue an initiative known as MEDEA, the Measurement of Earth Data for Environmental Assessment, an extremely important program. In fact, Mr. Chairman, I would like to enter into the RECORD pages 41 and 42 of the document dealing with the scientific utility of naval environmental data, which goes into great detail with the kinds of initiatives and projects currently funded through the MEDEA Program. It has the highest support of Navy and in fact helped lay the foundation for a major new initiative we were able to place in this year's Defense Authorization Act which passed last week, a $30

million initiative calling for new partnerships and oceanographic efforts with the Navy in the lead role. This partnership effort will also allow us to share technology where available with other nations, and in particular Russia.

Mr. Chairman, this an important amendment. I would hope that our colleagues would in fact support the amendment to restore the funding.

Mr. Chairman, one important point of this amendment is that it pays for itself. In fact, we cut another account, and that is the $25 million for declassifying documents, we cut that by 50 percent. I know there will be some objections to that cut, Mr. Chairman, but I stand before this body offering to pay for the increase that in fact I think is so important and the administration thinks is so important.

I also in the end will have to oppose an effort to not have the decrease in the declassification program, because if we do not have a bill payer, that means another $12.5 million will have to come someplace out of my overall R&D budget, which passed on the House floor last week. I have no idea where that money would come from. I have not been given any indications as to where those who oppose the decrease in the declassification accounts would take that money. Therefore, I have to oppose that as the chairman of the R&D subcommittee.

Even though that is not my main fight, it is critically important that we not establish this increase which has bipartisan support for the environmental initiative that is so vitally important, at the same time decreasing or not having a bill payer, a way to pay for that. My amendment will have a bill payer, it will have a method for paying for this initiative, and I would hope that our colleagues will in fact support the amendment and also would support the bill paying mechanism that I have identified with the committee staff as an appropriate way to pay for this initiative.

Mr. Chairman, I thank both my distinguished chairman and ranking member, and include for the RECORD the data referred to earlier.

TABLE 8. FIRST TIER OF SCIENTIFIC SIGNIFICANCE

Data	Description	Scientific utility
Marine gravity	Relational database of point observations with latitude, longitude, observation time, free air anomaly, and gravity values, supported with survey, data processing, and statistical information. Includes Lacoste and Romberg Air-Sea Gravity Meter measurements from 1966 to 1983. Bell Aerospace BGM–3 and BGM–5 gravimeters were introduced in 1969.	Classified marine gravity data provide a view into the underlying geological structure at very short spatial wavelengths currently inaccessible to public data. Classified gravity data could be used to address three problem areas: (1) spatial variations in gravity at mid-ocean ridges, (2) mapping of crustal thickness, and (3) the structure of fracture zones. Classified gravity data would provide the information needed for the Northern Hemisphere to facilitate research into the genesis of Earth's surface.

TABLE 8. FIRST TIER OF SCIENTIFIC SIGNIFICANCE—Continued

Data	Description	Scientific utility
Current accessibility: Entirely classified; no public access.		
Geomagnetics	Consists of both aircraft (Project Magnet) and satellite vector data. Ship collected data; consists of scalar point data by latitude and longitude.	Magnetic surveys could be used to constrain the age of the age of the seafloor accurately, to calculate more accurate plate reconstruction rotation parameters, to analyze the Jurassic and Cretaceous Quiet Zones, and to determine the origin of intermediate wavelength crustal anomalies.
Current accessibility: Ship data are classified; no public access; aircraft data are unclassified. Classified largely because of association with specific ship tracks and ship track densities.		
Ice keel depth acoustic data.	Measures ice roughness, ridge frequency, and ice depth (ice draft) below the sea surface. Data are collected using upward-looking sonar starting with the Arctic journey of SNN Nautilus in 1957. Approximately 50 data sets exist.	Data are significant in their own right, and as calibration for satellite-borne instruments. Knowledge of the mechanical redistribution of ice thickness categories would improve our ability to forecast ice conditions for navigation. Submarine sonar profiles might settle the question of whether or not ice thickness has undergone a secular trend.
Current accessibility: Classified; no public access. Classified primarily because of the association with specific submarine tracks and dates.		
Marine bathymetry.	A large collection of ocean undersea topography databases. Gridded digital databases resulting from survey measurements, many using multibeam profilometers. Data as fine as 0.1 arc minute are available for some areas.	The accuracy of current representations of the seafloor is not sufficient for many studies. The scientific uses of more accurate data include evaluating the square root relationship between age and depth of the seafloor. Availability of these finely sampled data would allow for a detailed study of the spatial variations in this important evolutionary process.
Current accessibility: Most data having a resolution as high as 1 arc minute are unclassified. Data at 0.5 arc minute resolution may be declassified as part of the classification review of bathymetric data. That data chosen for release would then be made part of DBDB–V.		
Geosat altimetry.	Geosat altimetry measures sea height with world coverage of ± 72 degrees latitude and 3.4 km spacing (1.7 km footprint). 3 km track spacing at the equator. 3.5 cm sea height precision	Provides important reconnaissance information over vast, largely uncharted areas such as the Southern Ocean and Antarctic margins. If declassified it could be used with the ERS–1 data to improve the resolving power beyond the capabilities of either data set alone. Large bathymetric features can be inferred from altimetry sea height data.
Current accessibility: Classified north of 30° S; no public access.		

TABLE 9. SECOND TIER OF SCIENTIFIC SIGNIFICANCE

Data	Description	Scientific utility
Ice morphology	Describes sea ice conditions and extent over the Arctic Outer Continental Shelf. Contains information describing ice drift and movement and includes ice edge boundary data in hand-drawn charts.	Data would be of considerable use to climatologists; to scientists studying the near-shore transfer of pollutants; and to individuals studying near-coastal sea ice dynamics. Data set would also be of particular use to a variety of U.S. companies who are currently faced with difficult offshore design problems for sites in the marine Arctic region.

TABLE 9. SECOND TIER OF SCIENTIFIC SIGNIFICANCE—Continued

Data	Description	Scientific utility
Current accessibility: Classified; no public access. Includes a synthesis of classified and unclassified data.		
Seafloor sediment properties.	Consists of a collection of ocean basin wide sediment thickness and sediment type. Is the first (only) global seafloor sediment thickness database for geological studies.	Having these data available digitally is a starting point for additional studies. Availability of an existing global estimate of sediment thickness and approximate sediment types would provide a background against which the quality of future data could be assessed and upgraded.
Current accessibility: Many of these data are unclassified. Sediment type and sediment thickness is largely unavailable. Some sediments data are restricted because of bilateral international agreements.		
Realtime salinity and temperature fields (GOODS).	GOODS contains a wide variety of ocean measurements collected from drifting buoys, moorings, ships, and aircraft. These data are assimilated into a near realtime view of the oceans. GOODS contains approximately four months of global temperature and salinity fields.	Ship observations could be adapted based on the state of the ocean, greatly increasing the efficiency of costly civilian sampling resources. Would allow testing of satellite algorithms for either sensor calibration or validation. As in weather forecasting, ocean models could incorporate GOODS data into the nowcast system. Techniques could migrate into civil systems to support commercial and regulatory needs.
Current accessibility: Most data incorporated into GOODS are unclassified. A small fraction are classified data because of locations of platforms providing the data, rendering the entire database inaccessible.		
Archival temperature and salinity fields (MOODS).	Contains a variety of ocean measurements from drifting buoys, moorings, ships, and aircraft. Data include salinity and temperature profiles. MOODS is the Navy archive location for GOODS.	Public domain transfer capability already in place (NAVOCEANO to NODC). Can ensure timely progression of data. Availability to ocean science community would increase ocean data explorations.
Current accessibility: Majority of MOODS data are unclassified and eventually enter NODC. The classified fraction, primarily in the Arctic region, classified because of platform locations.		
Ocean optics and bioluminescence.	Contains ocean clarity in specific measurement locations. Bioluminescence data more prevalent at selected measurement sites. Observations include both underway and on-station measurements.	Next-generation satellite ocean color sensors will provide much better measurements in complex coastal waters. Access to both civilian and operational databases of in situ observations would significantly improve the quality of these satellite retrievals. Could enhance the usage of less capable sensors (less expensive) in greater densities or in areas where loss of sensors is likely.
Current accessibility: Many of these data are classified.		

Mr. COMBEST. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. DORNAN], a member of the committee.

Mr. DORNAN. Mr. Chairman, much of what I intended to say in my remarks has already been stated. Some of it might be well restated.

First of all, I want to pass out some compliments that I did not tell anybody I was going to do. But the prior speaker, the gentleman from Pennsylvania [Mr. WELDON] has developed into a national treasure. I am talking about you, Mr. WELDON, a national treasure on the way he tracks the Soviet Union. He is the only Member I know that has been over there more than the 10 or 11

trips I have made. He leaves me in the dust. When he speaks on the House floor on problems with all the nations that were prior Soviet Union nations, Americans had better listen.

I also wanted to thank my chairman, the gentleman from Texas [Mr. COMBEST]. I just do not know a chairman that has taken the helm of a full committee and has steered it on such a straight and critically important course as my colleague from the great State of Texas.

I do not have time to mention all the staff, but our senior chief of staff of the professional staff, Mark Lowenthal, is also a national treasure when it comes to intelligence.

I watched the "60 Minutes" show Sunday night. In the open world of intelligence, the story on Russia was absolutely stunning. It just took your breath away. We claim to have won the cold war, but that country is melting down from 2 or 3 abortions to every live birth, to pollution that waters your eyes from afar; it puts our pollution problems into a totally different universe.

The country is just coming apart at the seams, but that does not mean we should not have a strong intelligence budget, because China, as I have said many times on this House floor, is still a Communist dictatorship. It is five times larger than the United States in population, it is a 6,000-year-old culture, captured by the raw evil of communism, and they have a mercantile heritage that makes anything the Soviet Union did look like child's play. They are going to own the next century, for good or for evil, and our intelligence budget should be larger than it is.

What the gentleman from Texas [Mr. COMBEST] has done is amazing. This year's request was in fact only slightly higher than last year's request. I think it should have been a lot higher. Some people have spoken on the floor on the other side of the aisle that they thought we added too much.

Actually, the request in tactical intelligence-related activities, joint military intelligence programs, my area as a subcommittee chairman, there is still too much of a decline in that area. The request had a large decline, we plussed it up about 10 percent, and all of these intelligence support activities around the world that support our men and women, it should be a much larger increase. We did the best we could to keep the bill bipartisan.

Just one other thing I would like to mention in my prepared remarks, I wanted to talk about the Bosnian crisis, where I went over with Mike Meermans last August, evaluated secret programs. On manned systems, we have added one more J-STARS aircraft, EP-3 Aries 2, and U-2, keeping that great legendary program alive, RC-135 rivet joint, where Mr. Meermans has actually active duty experience in the Air Force, all the less glamorous things. We worked hard on this bill.

Mr. Chairman, I submit 3 pages of proper pride in this excellent bill. I hope we get a unanimous vote out of this.

Mr. Chairman, in preparation for this bill: we held six full committee hearings, I chaired a Technical and Tactical Subcommittee hearing specifically on airborne reconnaissance issues; we received 15 member briefings and our staff received over 200 staff briefings.

This is a bipartisan bill that provides critical intelligence collection, analysis and reporting support to national and military decision makers. I would like to point out that this bill provides specific emphasis in support to military operations: by increasing funding for airborne reconnaissance development and operations; by increasing funding for unmanned aerial vehicles to augment current and future operations; and providing unique, not duplicative, information.

Trend had been a 2-3 percent yearly reduction in intelligence spending over the 4 years prior to the 1996 authorization. The House bill reversed that downward trend by increasing the funding over the President's request by a mere 1.3 percent.

This year's request was, in fact, only slightly higher than last year's request.

However this request had a large decline, over 5 percent in the intelligence support activities that directly support our men and women serving around the world in the U.S. Armed Forces—the intelligence support provided by the tactical intelligence and related activities and joint military intelligence programs.

This bill adds funding for many underfunded tactical intelligence programs critical to keeping our Armed Forces—young men and women—supplied with the best information this country can supply. In this intelligence bill, and in concert with the House National Security Committee's bill which this body approved last week, we have added over $800M for these purposes.

Bill re-looks the Nations' intelligence needs in the post cold war era. It has a long term vision to take us well into the 21st century: Focuses on "right sizing," not "down sizing," the intelligence collection and analysis capabilities; realizes that the world is not necessarily a safe place. U.S. interests around the world are changing, but not decreasing; and the world-wide threat environment is changing. As is evidenced by our troops being deployed in many areas around the world: Intelligence operations in continuous use around the globe. For example: Bosnian crisis; Iraq aggression; and Korean Peninsula.

Focuses on the elimination of expensive one of a kind systems for more cost effective commercial off-the-shelf systems where possible, and provides significant funding for improving our manned airborne reconnaissance platforms, some of which have not realized technical upgrades in this fast-paced highly technical world since 1992.

On manned systems: RC-135 Rivet Joint, U-2, EP-3 Aries 2; and J-STARS one extra.

Provides a emphasis on unmanned platforms to decrease the necessity to put U.S. forces into harms way.

Provides additional funding for the less glamorous and often overlooked intelligence support systems critical to supporting soldiers at the individual platoon or squad level: balances collection, processing operations; emphasizes dissemination of critical information at the right time, to the right place, in the right quantity, and in the right form for decision makers.

For basic themes to the bill:

First, evaluate each budgetary line item in the President's request solely on the program's merits, not a given funding level;

Second, the committee did not work to a specific budget number. That is, the committee did not specifically fund some programs and then make offsetting cuts in other programs in order to meet an arbitrary total dollar figure.

The committee believes the Congress will accept an intelligence authorization consisting of properly funded programs—even if that amount is an increase to the intelligence budget.

Third, focused on the production, exploitation and dissemination functions of intelligence stated above.

Fourth, avoided short-term thinking about intelligence priorities, needs and capabilities and to look longer range at these issues into the 21st century.

The numbers in this bill are right sized. This bill provides the Nation a strong, but not bloated, intelligence community. It makes some fundamental decisions necessary to take us into the next century. I urge my colleagues to pass this bill.

Mr. DICKS. Mr. Chairman, I yield back the balance of my time.

Mr. COMBEST. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill shall be considered under the 5-minute rule by titles, and the first section and each title shall be considered read.

No amendment to the committee amendment in the nature of a substitute is in order except those printed in the designated place in the CONGRESSIONAL RECORD.

The Chairman of the Committee of the Whole may postpone until a time during further consideration in the

Committee of the Whole a request for a recorded vote on any amendment and may reduce to not less than 5 minutes the time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any series of question shall not be less than 15 minutes.

The Clerk will designate section 1.

The text of section 1 is as follows:

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1997".

Mr. COMBEST. Mr. Chairman, Mr. Chairman, I ask unanimous consent that the remainder of the committee amendment in the nature of a substitute be printed in the RECORD and open to amendment at any point.

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

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1997 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.

(2) The Department of Defense.

(3) The Defense Intelligence Agency.

(4) The National Security Agency.

(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.

(6) The Department of State.

(7) The Department of the Treasury.

(8) The Department of Energy.

(9) The Federal Bureau of Investigation.

(10) The Drug Enforcement Administration.

(11) The National Reconnaissance Office.

(12) The Central Imagery Office.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1997, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the Classified Schedule of Authorizations prepared to accompany the bill H.R. 3259 of the 104th Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 1997 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever he exercises the authority granted by this section.

SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 1997 the sum of $93,616,000. Within such amounts authorized, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee shall remain available until September 30, 1998.

(b) AUTHORIZED PERSONNEL LEVELS.—The Community Management Staff of the Director of Central Intelligence is authorized 273 full-time personnel as of September 30, 1997. Such personnel of the Community Management Staff may be permanent employees of the Community Management Staff or personnel detailed from other elements of the United States Government.

(c) REIMBURSEMENT.—During fiscal year 1997, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Community Management Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(d) DECLASSIFICATION.—In addition to amounts otherwise authorized to be appropriated by this Act, there is authorized to be appropriated $25,000,000 for the National Foreign Intelligence Program for the purposes of carrying out the provisions of section 3.4 of Executive Order 12958, dated April 17, 1995.

(e) NATIONAL DRUG INTELLIGENCE CENTER.—In addition to amounts otherwise authorized to be appropriated by this Act, there is authorized to be appropriated $32,076,000 for the National Drug Intelligence Center located in Johnstown, Pennsylvania. Amounts appropriated for such center may not be used in contravention of the provisions of section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403–3(d)(1)). The National Drug Intelligence Center is authorized 35 full-time personnel as of September 30, 1997.

(f) ENVIRONMENTAL PROGRAMS.—In addition to amounts otherwise authorized to be appropriated by this Act, there is authorized to be appropriated $6,000,000 for the Environmental Intelligence and Applications Program, formerly known as the Environmental Task Force, to remain available until September 30, 1998.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1997 the sum of $194,400,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

SEC. 303. LIMITATION ON AVAILABILITY OF FUNDS FOR AUTOMATIC DECLASSIFICATION OF RECORDS OVER 25 YEARS OLD.

Section 307 of the Intelligence Authorization Act for Fiscal Year 1996 (109 Stat. 966) is amended by striking out "fiscal year 1996 by this Act" in subsection (a) and inserting in lieu thereof "any of the fiscal years 1996 through 2000".

SEC. 304. APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.

(a) EXTENSION.—Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking out "on the date which is one year after the date of the enactment of this title" and inserting in lieu thereof "on January 6, 1998".

(b) FORMAT AMENDMENTS.—Section 904 of such Act (50 U.S.C. 441c) is amended by striking out "required to be imposed by" and all that follows and inserting in lieu thereof "required to be imposed by any of the following provisions of law:

"(1) The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102–182).

"(2) The Nuclear Proliferation Prevention Act of 1994 (title VIII of Public Law 103–236).

"(3) Section 11B of the Export Administration Act of 1979 (50 U.S.C. App. 2410b).

"(4) Chapter 7 of the Arms Export Control Act (22 U.S.C. 2797 et seq.).

"(5) The Iran-Iraq Arms Non-Proliferation Act of 1992 (title XVI of Public Law 102–484).

"(6) The following provisions of annual appropriations Acts:

"(A) Section 573 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law 103–87; 107 Stat. 972).

"(B) Section 563 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1995 (Public Law 103–306; 108 Stat. 1649).

"(C) Section 552 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1996 (Public Law 104–107; 110 Stat. 741).

"(7) Comparable provisions.".

SEC. 305. EXPEDITED NATURALIZATION.

(a) IN GENERAL.—With the approval of the Director of Central Intelligence, the Attorney General, and the Commissioner of Immigration and Naturalization, an applicant described in subsection (b) and otherwise eligible for naturalization may be naturalized without regard to the residence and physical presence requirements of section 316(a) of the Immigration and Nationality Act, or to the prohibitions of section 313 of such Act, and no residence within a particular State or district of the Immigration and Naturalization Service in the United States shall be required: Provided, That the applicant has resided continuously, after being lawfully admitted for permanent residence, within the United States for at least one year prior to naturalization: Provided further, That the provisions of this section shall not apply to any alien described in subparagraphs (A) through (D) of section 243(h)(2) of such Act.

(b) ELIGIBLE APPLICANT.—An applicant eligible for naturalization under this section is the spouse or child of a deceased alien whose death resulted from the intentional and unauthorized disclosure of classified information regarding the alien's participation in the conduct of United States intelligence activities.

(c) ADMINISTRATION OF OATH.—An applicant for naturalization under this section may be administered the oath of allegiance under section 337(a) of the Immigration and Nationality Act by the Attorney General or any district court of the United States, without regard to the residence of the applicant. Proceedings under this subsection shall be conducted in a manner consistent with the protection of intelligence sources, methods, and activities.

(d) DEFINITIONS.—For purposes of this section—

(1) the term "child" means a child as defined in subparagraphs (A) through (E) of section 101(b)(1) of the Immigration and Nationality Act, without regard to age or marital status; and

(2) the term "spouse" means the wife or husband of a deceased alien referred to in subsection (b) who was married to such alien during the time the alien participated in the conduct of United States intelligence activities.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. MULTIYEAR LEASING AUTHORITY.

Section 5(e) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f(e)) is amended to read as follows:

"(e) Make alterations, improvements, and repairs on premises rented by the Agency and, for the purpose of furthering the cost-efficient acquisition of Agency facilities, enter into multiyear leases for up to 15 years that are not otherwise authorized pursuant to section 8 of this Act; and".

SEC. 402. REPEAL OF ADDITIONAL SURCHARGE RELATING TO EMPLOYEES WHO RETIRE OR RESIGN IN FISCAL YEARS 1998 OR 1999 AND WHO RECEIVE VOLUNTARY SEPARATION INCENTIVE PAYMENTS.

Section 2 of the Central Intelligence Agency Voluntary Separation Pay Act (50 U.S.C. 403–4 note) is amended by striking out subsection (i).

SEC. 403. IMPLEMENTATION OF INTELLIGENCE COMMUNITY PERSONNEL REFORMS.

None of the amounts authorized to be appropriated by this Act may be used to implement any Intelligence Community personnel reform until the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate are fully briefed on such personnel reform.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

SEC. 501. STANDARDIZATION FOR CERTAIN DEPARTMENT OF DEFENSE INTELLIGENCE AGENCIES OF EXEMPTIONS FROM DISCLOSURE OF ORGANIZATIONAL AND PERSONNEL INFORMATION.

(a) CONSOLIDATION AND STANDARDIZATION.—Chapter 21 of title 10, United States Code, is amended by striking out sections 424 and 425 and inserting in lieu thereof the following:

"§424. Disclosure of organizational and personnel information: exemption for the Defense Intelligence Agency and National Reconnaissance Office

"(a) EXEMPTION FROM DISCLOSURE.—Except as required by the President or as provided in subsection (b), no provision of law shall be construed to require the disclosure of—

"(1) the organization or any function of the Defense Intelligence Agency or the National Reconnaissance Office; or

"(2) the number of persons employed by or assigned or detailed to that Agency or Office or the name, official title, occupational series, grade, or salary of any such person.

"(b) PROVISION OF INFORMATION TO CONGRESS.—Subsection (a) does not apply with respect to the provision of information to Congress.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter I of such chapter is amended by striking out the items relating to sections 424 and 425 and inserting in lieu thereof the following:

"424. Disclosure of organizational and personnel information: exemption for the Defense Intelligence Agency and National Reconnaissance Office.".

AMENDMENT NO. 16 OFFERED BY MR. MCCOLLUM

Mr. McCOLLUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 16 offered by Mr. McCOLLUM:

At the end of title III, insert the following new section:

SEC. 306. SEEKING ENFORCEMENT OF THE REQUIREMENT TO PROTECT THE IDENTITIES OF UNDERCOVER INTELLIGENCE OFFICERS, AGENTS, INFORMANTS, AND SOURCES.

It is the sense of the Congress that title VI of the National Security Act of 1947 (50 U.S.C. 421 et seq.) (relating to protection of the identities of undercover intelligence officers, agents, informants, and sources) should be enforced by the appropriate law enforcement agencies.

Mr. McCOLLUM. Mr. Chairman, it is my understanding that the gentleman from New Mexico [Mr. RICHARDSON] plans shortly to offer an amendment that would apparently expand the rights of journalists and protect some of their interests under this act. I am at the same time of the belief, which is why I am offering this amendment, that we should have a reminder in this bill that with constitutional rights also comes some serious responsibilities, not only for journalists but for all public officials.

Mr. Chairman, simply stated, my amendment seeks to remind Members of this body as well as senior law enforcement officials in the executive branch that the Intelligence Identities Protection Act, which has been in effect for nearly 14 years, demands more aggressive enforcement measures.

In the 1970's, former CIA officer Philip Agee and others opposed to U.S. intelligence activities embarked on a campaign to expose the identities of CIA officers. In publications such as "Counterspy" and "Covert Action Information Bulletin" they revealed not only the methodologies employed by the CIA to establish cover but also identities of scores of officers serving overseas.

The Congressional response to this problem was the enactment in 1982 of the Intelligence Identities Protection Act, 50 U.S.C. 421 et seq. sections 421(a) and 421(b) of the act make it an offense for persons who have had authorized access to classified information that either identifies a covert officer or through which such activities can be learned to disclose identifying information to an individual not authorized to receive classified information. The Government must prove that the disclosure was made with the knowledge that the information identifies the covert officer and that the United States is taking affirmative measures to conceal the covert officer's intelligence relationship.

Section 421(c) does not require that the offender had authorized access to classified information. It is aimed at the Agee-style exposure of covert identities and proves as follows:

Whoever in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States discloses any information that identifies an individual as a covert agent to any individual not authorized to receive classified information knowing that the information disclosed so identifies such individual and that the United States is taking affirmative measures to conceal such individual's classified intelligence relationship to the United States shall be fined not more than $150,000 or imprisoned not more than three years or both * * *

Section 421(c) places particular emphasis on a discloser's "pattern of activities" which could include seeking unauthorized access to classified information counterintelligence activities such as physical or electronic surveillance or the systematic collection of information "for the purpose of identifying the names of agents." Section 421(c) also requires that the government prove that the discloser had reason to believe that the activities in which he was engaged would impair U.S. foreign intelligence activities.

Having summarized the relevant provisions of the act, I wanted to take this opportunity to express my concern about the apparent unwillingness of the Justice Department to enforce this particular law in several recent cases involving public officials and journalists. Because of the obvious sensitivity involved in naming names of intelligence officers, I will refrain from providing details on the security investigations and potential cases that have been set aside for a variety of reasons by the Justice Department. Nevertheless, I am most concerned that a significant number of unauthorized disclosures of U.S. intelligence agents and assets in the U.S. media during the past year or so have resulted in significant and measurable damage to our intelligence capabilities in Latin America and Europe. A more aggressive enforcement posture by the Department of Justice would do much to reassure our allies and restore the confidence of our public servants who are serving as intelligence officers in often hazardous assignments.

Mr. Chairman, I strongly urge a "yes" vote in favor of this amendment as a signal from the House that enforcement of this act will be a national

security priority, and that we intend to oversee in that the Justice Department vigorously enforce this act. It must be enforced, and I urge a yes vote on the sense of the Congress resolution that is encompassed in this amendment.

Mr. COMBEST. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I just wanted to rise and say the gentleman from Florida [Mr. MCCOLLUM] is a very valuable member of the Permanent Select Committee on Intelligence as well as the Committee on the Judiciary. I wholeheartedly endorse this effort in a consent of Congress, and would certainly be willing to accept the amendment.

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

Mr. COMBEST. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I wanted to compliment the chairman and the gentleman from Florida [Mr. MCCOLLUM]. I believe that all of our laws should be properly enforced, and in that spirit we will accept the amendment.

□ 1130

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. MCCOLLUM].

The amendment was agreed to.

AMENDMENT NO. 7 OFFERED BY MR. DICKS

Mr. DICKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 7 offered by Mr. DICKS:

At the end of title V, add the following:

SEC. 502. TIER III MINUS UNMANNED AERIAL VEHICLE.

In addition to the amounts authorized to be appropriated by title I, there is authorized to be appropriated an additional $22,000,000 for the tier III minus unmanned aerial vehicle.

Mr. DICKS. Mr. Chairman, the gentleman from Texas [Mr. COMBEST] has a perfecting amendment to my amendment.

My amendment would authorize an additional $22 million for the endurance unmanned aerial vehicle known as Darkstar. This funding is needed to recover from the loss of the first vehicle during flight testing, which took place just before we marked up this bill in committee. At that time, we did not have good information from the Department of Defense on the impact of the crash, so the report accompanying the bill includes language which reserved the committee's right to revisit this issue as better information became available. While the accident investigation is still not quite completed, DOD has been able to provide a good estimate of what the cost impact is likely to be. DOD has determined that there will be a delay in getting the second aircraft ready for flight, and in carrying out the necessary set of flight tests once testing is resumed. During this period, a substantial engineering team must be sustained and the amendment will provide the funds necessary to do that. I urge the adoption of this amendment.

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

AMENDMENT OFFERED BY MR. COMBEST TO THE AMENDMENT OFFERED BY MR. DICKS

Mr. COMBEST. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST to the amendment offered by Mr. DICKS: In proposed section 502, add at the end the following: "The Secretary of Defense may not obligate or expend any of these funds until after the Secretary submits to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate a detailed cost analysis and report on specifically how these funds will be used."

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. COMBEST. Mr. Chairman, the perfecting amendment to the Dicks amendment would simply indicate that the Secretary of Defense may not obligate or spend any of the funds until the Secretary has submitted to the Permanent Select Committee on Intelligence of the House and Select Committee on Intelligence of the Senate a detailed cost analysis and report on specifically how the funding would be used.

Mr. DICKS. Mr. Chairman, I move to strike the last work.

Mr. Chairman, I want to tell the gentleman I will be glad to accept his amendment. I want to say I have no problem at all with the additional language proposed by the gentleman from Texas [Mr. COMBEST]. In fact, I hope DOD would respond even before the conference on this bill.

I want to stress that nothing in this amendment inhibits DOD in any way from recommending again that a replacement air vehicle be made a high priority in the coming fiscal year. Report language already accompanying the bill, as I noted previously, serves notice the committee will continue to examine this program's need carefully prior to conference.

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

Mr. DICKS. I yield to the gentleman from Texas.

Mr. COMBEST. Mr. Chairman, I want to say to the gentleman that, as amended, I would be very willing to accept the amendment of the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I am willing to accept my amendment, as amended by the chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST] to the amendment offered by the gentleman from Washington [Mr. DICKS].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. DICKS], as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. WELDON OF PENNSYLVANIA

Mr. WELDON of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WELDON of Pennsylvania: In section 104—

(1) in subsection (d), strike "$25,000,000" and insert in lieu thereof "$12,500,000"; and

(2) in subsection (f), strike "$6,000,000" and insert in lieu thereof "$18,500,000".

Mr. WELDON of Pennsylvania. Mr. Chairman, I thank the distinguished chairman of the committee and the subcommittee, the ranking member, for agreeing to work with me on this amendment, which is an extremely important amendment that has been discussed by Members of both sides of the aisle.

The amendment would restore significant cuts that were made in the bill to the Environmental Intelligence Applications Program, formerly known as the Environmental Task Force. The funding level in the bill has been cut to about one-third of the request, or only $6 million, and, to me, that is really totally unacceptable for a program that is providing not only information for the public good but having tremendous benefits for our national security as well.

I mentioned during earlier discussion, Mr. Chairman, that last year I had a leading scientist from Boris Yeltsin's National Security Council come to America to testify on the problem of the Russian nuclear waste disposal. I have worked with Mr. Yablakov over the past 2 years, and he is one of the outstanding scientists who has been very candid in helping us assess the environmental problems and security implications of those problems and how we can address them.

In fact, because of the revelations of Mr. Yablakov and the Yablakov report that was produced for Mr. Yeltsin 3 years ago, we were able to put money into DOD's bill to actually work with the Russians up in the North Sea and the Bering Sea to help them find ways to deal with their nuclear waste storage and disposal problem.

So this program is of vital interest for our security as well as our relationship with Russia. It has tremendous environmental implications.

This program, which is operated by the intelligence community, has also been the leading driving force behind the MEDEA Program, which is a program that has paid tremendous dividends to our defense establishment in understanding data relative to the oceans of the world, but also allowing us to take information that up until now has been classified and use that for environmental purposes.

In fact, we have a group of some 60 leading scientists who have been working both with the Russian side and

with our side on some of the environmental problems relative to the oceans; and we have also, through the MEDEA Program, we have allowed American scientists access to high level information which not only protects our national security but has paid tremendous dividends in helping us more fully understand the environmental implications of those decisions that we make. These programs are vital.

Mr. Chairman, I will submit for the RECORD the President's message on this bill, the paragraph that refers specifically to the administration's concern with the reduction in this program.

I appreciate the support of my friend and colleague, the gentleman from Washington [Mr. DICKS] and the comments of the gentleman from Colorado [Mr. SKAGGS]. I understand there is some concern about the bill paying portion of this. My understanding is that the two leaders of this committee have agreed to work this out. I have no problem with that.

As chairman of the Military Research and Development Subcommittee, I am concerned about an action that we take that would have a negative impact on the R&D overall budget, but I am certainly willing to let these gentlemen work that issue out and have confidence that the gentleman from Texas [Mr. COMBEST] and the gentleman from Washington [Mr. DICKS] can work the funding issue out in a way that would not disrupt our R&D portion of the defense bill that we passed last week.

So, Mr. Chairman, I would encourage our colleagues to support this amendment. It is vital. And I want to thank the chairman of the committee and the ranking member, as well as the gentleman from Colorado [Mr. SKAGGS] and everyone else for their support of this important environmental initiative. I think it is vital not just for our national security but it is also vital for a better understanding of environmental implications relative to classified data.

Mr. DICKS. Mr. Chairman, I move to strike the last word, and I want to commend the gentleman for his amendment.

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

Mr. DICKS. I yield to the gentleman from Colorado.

Mr. SKAGGS. Mr. Chairman, I echo the comments of the gentleman from Washington. I appreciate the gentleman from Pennsylvania's very helpful efforts to plus up the Environmental Intelligence Applications Program account. In discussions that we have just had on the floor, I think there is an understanding that there may be some unintended consequences in the offset that the gentleman proposes, an understanding that we can, I think, reach satisfactory resolution to this problem between now and conference, or in conference.

One ironic consequence, I think, flows from the fact that these two programs are positively linked, not negatively linked. That is, if we cut the declassification efforts, it could get in the way of declassifying some of the Corona product that, under the MEDEA Program, we want to make available.

So I appreciate the efforts on the part of all concerned to both deal with the gentleman's very commendable efforts to augment the environmental effort and not have it negatively affect the declassification efforts.

Mr. DICKS. Mr. Chairman, I want to say to my colleague from Pennsylvania that the one thing I worry about with regard to declassifying, and why it is such an important issue, if we do not do the job of looking through all these documents, we might inadvertently declassify some information that could be harmful to the country. That is why having this process is important.

I do not want to cloud the issue here today. We are prepared to accept the gentleman's amendment. We compliment him on it. This is a very important program to the director and to the vice president, and I want to commend the gentleman for his amendment.

Mr. COMBEST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to say we will be very happy to work in getting this amendment cleared up. I do rise in strong support of the amendment of the gentleman from Pennsylvania and recognize the significance and importance of both the declass and the environmental funding to certain members of our committee and will try to make certain that that concern is accommodated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WELDON].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. RICHARDSON

Mr. RICHARDSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICHARDSON: At the end of title III, insert the following new section:

SEC. 306. PROHIBITION ON USING JOURNALISTS AS AGENTS OR ASSETS.

An element of the Intelligence Community may not use as an agent or asset for the purposes of collecting intelligence any individual who—

(1) is authorized by contract or by the issuance of press credentials to represent himself or herself, either in the United States or abroad, as a correspondent of a United States news media organization; or

(2) is officially recognized by a foreign government as a representative of a United States media organization.

Mr. RICHARDSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. RICHARDSON. Mr. Chairman, on April 28 of this year the Tampa, FL, Tribune published an editorial entitled "Don't Recruit Journalists As Spies." The editorial argued forcefully that only a blanket prohibition against their use as intelligence agents or assets was likely to minimize the risk to American journalists or representatives of American media organizations who are suspected of being spies by governments or individuals with whom they must deal in dangerous parts of the world. Describing the circumstances in which foreign correspondents must work the Tribune said, "They die in combat. They are killed by governments intent on silencing them. And they are imprisoned and sometimes killed when they are suspected of being spies. That is what happened to our colleague, Tampa Tribune reporter Todd Smith, who was kidnapped and murdered in 1989 while on a working vacation in Peru. Shining Path guerrillas killed him because they didn't believe he was a journalist and thought he was a spy."

No amendment can guarantee the safety of Americans traveling or working abroad, especially when their work puts them in contact with terrorist groups or representatives of despotic regimes. The amendment I am offering, however, can enhance the safety of American journalists by removing the suspicion that rather than being reporters gathering information for their newspapers, they are operatives of American intelligence.

Under current CIA regulations, journalists are not to be used as intelligence agents or assets. The regulations do, however, permit the prohibition to be waived when the Director of Central Intelligence determines that national security interests compel that result. My amendment would codify the prohibition without providing the waiver authority. Adoption of the amendment will ensure that neither the independence guaranteed to the press by the Constitution nor the lives of journalists are endangered by blurring the distinction between reporters as commentators on government and reporters as instruments of government. As the New York Times editorialized on March 18, "If the United States Government does not honor that distinction, who anywhere will believe that it really exists?"

Mr. Chairman, current CIA regulations prohibit the use of active Peace Corps volunteers and members of the clergy as intelligence agents. The prohibitions are absolute. They cannot be

waived. The prohibitions recognize the risk to the lives of Peace Corps volunteers in some countries if they were believed to be working for the CIA and the constitutional separation of church and state in our country which would be endangered if members of the clergy were seen as Government agents.

Current CIA regulations prohibit the use of journalists as intelligence agents but that prohibition is waivable.

□ 1145

Reporters working overseas are in every bit as much danger, perhaps even more, as Peace Corps volunteers, if they are suspected of being spies.

Mr. Chairman, every journalist, every journalist entity, and editorial board supports this amendment. It is my judgment that the DCI and the intelligence community can use it usefully. I am a strong supporter of the DCI and the CIA. But I think that when it comes to this issue, it is important that we have some clear distinctions.

Why then is there a distinction in CIA regulations between journalists on the one hand and Peace Corps volunteers and members of the clergy on the other? Intelligence officials claim that, while they do not want to use journalists as agents, they need to retain the option for situations so extraordinary that they cannot be described.

A better way to promote the safety of American journalists and preserve their independence is to prohibit their being employed as intelligence agents. Mr. Chairman, at some point I will be prepared to entertain an amendment that I believe achieves our mutual objectives and would enable this provision to be accepted.

Mr. Chairman, this is a good amendment. It is supported by every journalist, every newspaper, every reporter. It is within our constitutional prerogatives. It makes sense. I do not think it would hamper our intelligence objectives overseas.

[From the Tampa Tribune, Apr. 28, 1996]

DON'T RECRUIT JOURNALISTS AS SPIES

CIA Director John Deutch has done it again. In February he was questioned by the Senate Intelligence Committee about whether he would recruit journalists as spies, and he refused to say flatly that his agency would not.

He has repeated that position again in a letter to news executives in response to widespread complaints by the press and electronic media, who fear that his stance puts their foreign correspondents in danger. Deutch wrote that he had no intention of using journalists or news credentials as a cover, but then qualified his position by saying he reserved the right to do so and would consider it under "genuinely extraordinary" circumstances.

Unfortunately, nothing short of a blanket prohibition is likely to work in the dangerous circumstances encountered by reporters traveling and working abroad. The CIA has an unshakable prohibition against using the Peace Corps as a cloak for its undercover missions. That is done for the obvious reason that Peace Corps volunteers would be in grave danger if their host nations or partisans in some foreign conflict suspected them of being spies. According to Quill magazine, a presidential order issued in 1977 prohibited the use of journalists and members of the clergy as spies, but apparently there are loopholes in that restriction.

The news media should be put in that same restricted category as the Peace Corps. Under the best of circumstances, international reporting is a dangerous endeavor. At least 50 journalists died in 1995 while covering conflicts in such places as Algeria and Chechnya; the year before, the number killed was 103.

They die in combat. They are killed by governments intent on silencing them. And they are imprisoned and sometimes killed when they are suspected of being spies.

That is what happened to our colleague, Tampa Tribune reporter Todd Smith, who was kidnapped and murdered in 1989 while on a working vacation in Peru. Shinning Path guerrillas killed him because they didn't believe he was a journalist and thought he was a spy.

On the surface, the desire for a blanket statement from Deutch ruling out the use of journalists and news organizations may strike some as unpatriotic. After all, why shouldn't reporters help their country gather intelligence about a potential foe?

It is not that reporters, editors, publishers and broadcasters are any less patriotic than other Americans. It is a question of national priorities.

The information provided by journalists is vitally important to the health of the nation. U.S. citizens depend upon a steady, reliable supply of news about foreign affairs. That continued relationship far outweighs the significance of whatever intelligence might be uncovered by a reporter working as a spy or a spy pretending to be a journalist.

The government has numerous alternative means of gathering information. But journalists need only slip up once and it will ruin their reputation for independence. After that, they will never be trusted and will be in grave danger in many nations.

American citizens need to know the truth about what is taking place around the world. Often their tax dollars are involved, their international export markets affected, and sometimes their lives and those of their children are on the line. People cannot make sound judgments without solid information from independent news media.

[From the Indianapolis News, Apr. 23, 1996]

SPIES (WHO ACT) LIKE US

The U.S. Central Intelligence Agency continues to cling to a policy that both contradicts its own regulations and clearly puts the lives of American journalists in danger.

Last week, reports from the Associated Press revealed that CIA Director John Deutch made the agency's intentions clear in a letter to Louis D. Boccardi, president and chief executive officer of The Associated Press, and W. Thomas Johnson, president of Cable News Network.

Deutch wrote. "We do not use American journalists as agents or American news organizations for cover, nor do I have any intention of doing so.

"As you know, past DCI's (directors of central intelligence) have reserved the right to make exceptions to this policy. The circumstances under which I—or, I believe, any DCI—would make an exception to this policy would have to be genuinely extraordinary."

In other words, if the CIA wants to use the media as cover for its secret agents or recruit journalists to be spies, it will.

Such a policy and the suspicion it breeds not only endangers the lives of journalists but greatly hinders them from doing their jobs of news gathering, particularly in foreign lands.

The CIA's justification for keeping its "extraordinary" exception contradicts its mission of protecting American's security and American lives.

In February, when Deutch appeared before the Senate Intelligence Committee, he sympathized with the journalistic community. But he maintained that "directors of central intelligence have to also concern themselves with perhaps very unique and special threats to national security where American lives are at risk."

If Deutch and other top CIA officials cannot bring themselves to retract these statements and make a clear, firm commitment to the contrary, then President Bill Clinton should step in and do so himself.

Already journalists, and particularly journalists working in foreign countries, face enough threats. They don't need the CIA to continue to saddle them with unnecessary risk.

Many journalists taken hostage have suffered unjustly because their captors thought they might be part of the CIA.

Last November, for instance, when Bosnian Serb rebels held Christian Science Monitor reporter David Rohde hostage for almost two weeks, they continually asked him if he was a CIA agent.

And don't forget Terry Anderson, an Associated Press correspondent held in Lebanon for seven years. He said his captors asked him who his CIA contact was within the AP.

The CIA must reverse itself on the issue of using journalists as cover or as agents. And if it won't, the president should intervene.

[From the St. Petersburg Times, Mar. 25, 1996]

DANGEROUS DECEPTIONS

Terry Anderson, the Associated Press correspondent who was held hostage in Lebanon for almost seven years, says his captors never believed that he was simply a journalist. Anderson says the Muslim terrorists who imprisoned him "believe all Americans are spies, particularly those who go around asking questions."

That common belief in much of the rest of the world creates obvious dangers for journalists and other Americans traveling abroad. It certainly made life even more unpleasant for Anderson during his harsh confinement. Unfortunately, the CIA's own rules unnecessarily feed such suspicions about the integrity and credibility of American journalists working in foreign countries.

CIA Director John Deutch continues to defend rules that give him and his deputy the discretion to employ American journalists as spies, or to allow CIA agents to pose as journalists. Deutch and his predecessors have said they would use such tactics only in cases involving extraordinary threats to national security. However, the CIA's insistence on those exceptions creates unacceptable risk for innocent American citizens and does violence to one of our most revered constitutional principles.

The American press' clear independence from government is fundamental to a truly free society, but the CIA's rules blur those lines. Journalists can't do their jobs properly if sources have reason to believe that they might really be speaking to a government agent.

This is not an issue that concerns only journalists. Every American who travels

abroad is endangered by the CIA policy. Business executives, Peace Corps workers and ordinary tourists come under suspicion from governments and groups who fear the influence of American intelligence. Most such fears are unfounded, but the CIA policy feeds paranoia in other countries.

The policy is a vestige of the Cold War, when government routinely recruited journalists and other citizens for intelligence work. Many former journalists bear responsibility for willingly participating in such schemes. However, representatives of national press organizations are now unanimous in their opposition to the CIA's policy.

The CIA should not be allowed to recruit journalists for spying activity, nor should it permit agents to pose as journalists. Period. Otherwise, the safety of American citizens abroad and the integrity of the Constitution at home are left to the whim of the CIA director and his deputy.

[From the New York Times, Mar. 21, 1996]

JOURNALISTS AREN'T THE ONLY RISKY C.I.A. COVER

WASHINGTON, *March 19, 1996.*

Re "No Press Card for Spies" (editorial, March 18).

TO THE EDITOR: Do you think it wrong if journalists are used as cover by the Central Intelligence Agency, but all right for others to have integrity and lives put in question?

Members of the clergy and Peace Corps volunteers were also singled out by the Council on Foreign Relations' Intelligence Task Force project director as potential candidates for C.I.A. cover, but you say nothing in their defense.

They and others—for example, human rights monitors and relief workers—work abroad in dangerous areas.

The mere suspicion of association with the C.I.A. will make them as vulnerable as journalists to arrest and questioning and, much worse, will call into question the integrity of the institutions they represent.

Not a few members of the Council on Foreign Relations, myself included, were deeply disturbed by the task force's proposal. Our concern was not just for its impact on journalists.

ROBERTA COHEN.

[From the New York Times, Mar. 18, 1996]

NO PRESS CARDS FOR SPIES

An old debate has been needlessly revived in a report on intelligence sponsored by the Council on Foreign Relations. The report, prepared under the guidance of the project's director, Richard Haass, a former Government official, calls for reviewing "a number of legal and policy constraints" on clandestine operations dating to the 1970's. Those constraints chiefly concern the use of spies posing as reporters and the employment of bona fide reporters for intelligence missions. Both practices were all but banned then, and should be prohibited now.

During the cold war, a pattern of informal collaboration developed between some journalists and the Central Intelligence Agency. Foreign correspondents and C.I.A. station chiefs sometimes swapped information In 1976, a Senate committee headed by Frank Church learned that this practice had gotten out of hand. Fifty journalists at various times had been paid by the C.I.A., and many more were used as "unwitting sources."

There is no record of New York Times correspondents having financial relationships with the C.I.A., and the newspaper, along with other news organizations, has taken steps to eliminate the kind of informal information-sharing that went on early in the cold war.

The Church committee disclosure caused a justifiable uproar, resulting in a statement by George Bush, then Director of Central Intelligence, that the agency would not enter into any paid relationship with any full- or part-time correspondent accredited to a United States news organization. In November 1977, his successor, Adm. Stansfield Turner, put this prohibition in writing. The Turner regulation provided that the C.I.A. would not employ journalists for intelligence work but unwisely said exceptions could be made with the specific approval of the C.I.A. director.

Admiral Turner says that during the 1980 Iranian crisis, the agency considered making such an exception but that it did not prove necessary. No waivers have been approved by the current Director, according to the C.I.A. There is no information on waivers during the intervening years.

The prohibition on paying accredited journalists for intelligence work should be absolute. The same applies to issuing bogus press credentials to a covert agent. Such a firewall is essential, first of all, to protect foreign correspondents, whose job of questioning and probing makes them especially vulnerable to arrest by hostile regimes.

But more broadly, using reporters as agents offends and confounds the principles of American democracy. Under constitutional protections, the press is the chronicler of and check on government, not its instrument. If the United States Government does not honor that distinction, who anywhere will believe that it really exists?

[From the Chicago Tribune, Mar. 11, 1996]

JOURNALISTS CANNOT BE USED AS SPIES

It long has been debated whether the second-oldest profession is journalism or espionage, and the two do have many purposes in common: to gather great heaps of information, often in hostile environments or from antagonistic sources; to synthesize the key elements of the data; to present the information to an audience that relies on it in making critical decisions.

But there the similarities end. Journalists file their reports for anybody in the world willing to part with the price of their product, while spies practice their art solely in service of their presidents and potentates.

Journalists are held to high standards of professional conduct; only in the movies can a reporter build a reputation on stealing documents from the mayor's desk, seducing a secretary for the inside corporate dope or pouring whiskey down a nosy building superintendent who keeps his eye to the keyhole. Contrast that to the world of espionage, with its vast array of space-age eavesdropping equipment and its slush funds for passing around bribes, buying information outright and setting up honey traps.

Great nations have legitimate national interests that warrant the use of secret services. And the citizens of great nations like the United States have the constitutional right to a free press that serves the national interest by contributing to a well-informed electorate.

That's why recent comments by John Deutch, the director of central intelligence, are so worrisome. In testimony before Congress, Deutch disclosed that the CIA retains the right to solicit U.S. journalists as spies and to give his own operatives forged press passes to pose as working journalists to conduct surreptitious investigations and undertake covert activities.

Although the use of journalists, clergy and Peace Corps workers as spies is banned by federal law, Deutch said "unique and special threats to national security" might make it necessary to "consider the use of a journalist in an intelligence operation."

Deutch is wrong and should immediately announce a blanket ban on using journalists as spies. American journalists can and should serve but one master: the American public. Any blurring of that line by intelligence services jeopardizes the lives of real journalists and their ability to inform their readers and viewers.

Every reporter stopped by armed thugs at a military checkpoint knows the inherent personal danger posed by Deutch's announcement; citing Deutch's own statements, mad militiamen will feel freer to interrogate, incarcerate—and even execute—bona fide reporters with the verve and nerve to cover combat.

Likewise, inquisitive reporters who are "invited in for a chat" after filing accurate reports on a dictatorial regime know the first question asked by the despot's henchmen is: "Who is your CIA master?"

Journalists can and do swap rumors, fact and analysis with intelligence officers, whether dining in a Paris bistro, walking in Gorky Park or chatting on the line to Langley. These relationships are built upon trust and a shared desire to get the best information.

That is a far cry from enlisting journalists to carry out CIA jobs or by passing off agency operatives as working backs. Journalists cannot be used as spies.

[From the Sacramento Bee, Mar. 8, 1996]

SPY VS. SPY, WITH JOURNALISTS IN THE MIDDLE

(Anna Husarska)

My nonassociation with the CIA started 12 years ago. It was in the war-emptied ghost town of Tenancingo, El Salvador, that I was accused of being a CIA spy by local guerrillas who I visited as administrator of a French humanitarian mission.

My first journalistic nonassociation with the CIA dates from Christmas week of 1991, which I spent in detention in Cuba, mostly in a squalid interrogation room where I was repeatedly asked by a major from the interior ministry why I wouldn't simply confess to spying for the CIA. I told him that he must be crazy, that the agency's own regulations had forbidden employing or posing as journalists since 1977, following a scandal involving CIA use of reporters.

I repeated the same arguments in 1993, after I was stopped at gunpoint with several other hacks in Pale, the so-called Bosnian Serb capital. We were all accused of being on a spy mission. Earlier that year, the Haitian supporters of then-exiled President Jean-Bertrand Aristide accused me of being on the CIA payroll; I told them that the opinion article that so infuriated them was my own idea.

In 1994, I was accused of being a CIA spy because, with two other journalists, both Russian, I crossed the Abkhazia/Georgia border when there was some fighting going on. What would I be doing there if not spying for the CIA? My two fellow travelers had a bottle of vodka and—there is no limit to Russian resourcefulness—an open can of sardines in tomato sauce for an appetizer. In pouring rain, we carried these goodies into the checkpoint and suspicion disappeared with the sardines.

Then, in October 1995, while I was taking photographs of paramilitary formations in

Serbia at the invitation of the Serb commanders, the press secretary of a local warlord accused me of gathering material for the CIA.

Every time, I countered in good faith that the CIA did not employ journalists, nor did it have spies pretending to be journalists. So two weeks ago when I heard CIA Director John M. Deutch defend a long-standing policy allowing clandstine officers, under "extraordinary circumstances," to waive regulations and pose as reporters or to use reporters as informers. I felt kind of outspooked.

Henceforth, I will not be able to laugh off thugs, warlords and police officers in totalitarian states when they accuse me of being a CIA spy. Nor can I be confident in pointing out my two non-U.S. passports and protesting that I have no loyalty links to the United States and even less with the CIA. The Washington Post reported that whatever prohibitions existed against recruiting journalists "have never applied to foreign journalists, whom the CIA still looks to recruit, according to sources familiar with the matter."

If the stain of suspicion is on all journalists, then those foreign sources (official or not) who want to deny access to media will have an excuse to do so. And the truth is, policy-makers can ill afford to lose any reporting from the honest news media. God forbid they should have to depend only on what the spies know.

After many interviews with Western military and civilian intelligence personnel in Haiti and then in Bosnia, I realized that they often pooh-pooh journalism as unclassified information not worthy of their attention. In Haiti, for instance, the press reported consistently that the paramilitary organiaztion called FRAPH were murderous thugs, a direct heir to the feared Tontons Macoutes. The CIA maintained that they were just another political party, and told that to the U.S. forces arriving there as peacekeepers in 1994. As a result, the Americans saw no need to neutralize FRAPH, tainting their democratic image with the locals.

I was not too surprised either when a U.S. Marine intelligence captain and a civilian intelligence expert from the Defense Department with whom I flew from Tuzla to Sarajevo in February assured me that the shuttle that they were taking from the airport would be stopping "right in front of the Hotel Serbia" in central Sarajevo. Now, to have a Hotel Serbia in the center of Sarajevo these days is about as likely as a Hotel Hanoi in Saigon in 1972. Stupidity is the most charitable interpretation on these large and small idiocies.

One can only hope that the intelligence community will make an intelligent decision and start using journalists' work, not their identities.

[From the Baltimore Sun, Mar. 5, 1996]

ONE BOUNDARY TOO DANGEROUS FOR THE PRESS TO CROSS

(By Clarence Page)

Washington—I was appalled to discover the Central Intelligence Agency can secretly recruit journalists and clergy as spies. People all over the planet already have enough reasons to hate us journalists. Why add another one?

Too many people have too hard of a time telling the difference between journalists and spies as it is: our jobs are so similar.

Both are assigned to get information the government or the organization that is being reported on or spied on doesn't want them to know.

Of course, there are significant differences. The sort of information that can get you a Pulitzer Prize in this country can get you shot in someone else's. That is why, if we are to spread the blessings of liberty with any success, we must be scrupulous in the way we distinguish independent journalists from government employers.

That's not an easy distinction for much of the world to grasp. Freedom of the press, like brokered political conventions or the designated hitter, is a concept that is not easily understood by those who did not grow up with it.

Consider the difficulty I had trying to explain my role to some university intellectuals in Tanzania while I was traveling around Africa as a reporter for the Chicago Tribune in the mid-1970s.

"Is your newspaper a government newspaper or a party newspaper?" one professor asked. He appeared to be genuinely curious.

Neither, I said. It is a big independent newspaper.

"Big?" said the other. "It is a government newspaper?"

No, I said. It is a big private newspaper.

"But what party publishes it?"

Parties don't publish major newspapers in America. In America, I explained, quoting A.J. Liebling, the press is free to whoever owns one.

"But what party do the owners of your newspaper belong to," one said.

That's not supposed to matter, I said. The only bias that is supposed to matter is the bias in favor of a good story.

They looked at me incredulously. I have grown accustomed to that look from Americans. How, I wondered, could I ever persuade Tanzanians that America's press was not beholden to some higher political power when I could not always persuade my fellow Americans?

After all, I already had become accustomed to assuming that any "journalist" was a spy (and, at the same time, an unofficial government spokesperson) if he or she carried credentials from the Soviet Union, mainland China or any similar totalitarian regime.

Rare exceptions.

Regulations passed in 1977 in the wake of Watergate prohibit the practice of using journalists as spies for the United States. But current CIA Director John M. Deutch revealed a loophole during recent Senate hearings. That loophole allows the CIA to secretly waive the regulations in "extraordinarily rate" circumstances and use journalistic or media cover for intelligence activities.

It's a terrible idea. Even with Senate oversight, the practice of recruiting journalists or clergy casts a dangerous shadow of suspicion over all American journalists who operate overseas.

Yet, Mr. Deutch defended the practice. Since 1977, he said, according to the Associated Press, the agency has been operating under rules that "will not use journalists except under—American journalists—except under very, very rare circumstances."

How, asked Sen. Arlen Specter, R-Pa., chairman of the Senate Intelligence Committee, would he define those "rare circumstances?"

Mr. Deutch offered two hypothetical examples: "One would be where you had a journalist involved in a situation where terrorists were holding U.S. hostages . . . journalists might have tremendously unique access in such a situation . . . or where there was a particular access to a nation or a group who had an ability to use weapons of mass destruction against the U.S."

Well, you have to wonder how much access journalists will have, once outlaw governments or terrorist groups get the idea that the journalist may very well be an informant for an agency that has undermined governments throughout the world.

Arnett's example

Let us not forget CNN's Peter Arnett, who reported live daily from Baghdad during the Persian Gulf war. Despite the worry warts back home who criticized Mr. Arnett every time he reported the Baghdad's government point of view, Pentagon officials said afterward that Mr. Arnett's live pictures actually helped Defense Department assess the effectiveness of their bombing.

That's how it is supposed to work.

In the course of doing their job, journalists can help the efforts of their host government, but that is not their primary purpose.

Some people have trouble telling the difference between spies and reporters. But there is a difference. Let's not fuzz it up.

AMENDMENT OFFERED BY MR. MURTHA TO THE AMENDMENT OFFERED BY MR. RICHARDSON

Mr. MURTHA. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. MURTHA to the amendment offered by Mr. RICHARDSON:

In the matter proposed to be added by the amendment—

(1) strike "An element of" and insert "(a) POLICY.—It is the policy of the United States that an element of"; and

(2) add at the end the following:

(b) WAIVER.—The President may waive subsection (a) in the case of an individual if the President certifies in writing that the waiver is necessary to address the overriding national security interest of the United States. The certification shall be made to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

(c) VOLUNTARY COOPERATION.—Subsection (a) shall not be construed to prohibit the voluntary cooperation of any person who is aware that the cooperation is being provided to an element of the United States Intelligence Community.

Mr. MURTHA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MURTHA. Mr. Chairman, what I am doing here is trying to make sure that in extreme, rare circumstances the President could waive the rules or waive the law so that a journalist in acts of terrorism or something like that would be able to allow a journalist to be used in the best interests of the country. It is a remote possibility. The DCI does not want to completely foreclose the option, if the national security interest cannot be furthered in any other way.

I just think this is what we need in order to be able to pursue this amendment. There is widespread support for the amendment, but I think we need a clause which would allow the President of the United States to decide that something like this can be used in the best interest of the country.

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

Mr. MURTHA. I yield to the gentleman from New Mexico.

Mr. RICHARDSON. Mr. Chairman, I would be prepared to accept this amendment. I think this is important. It is the President that we are giving this waiver to, not the DCI. The President would have to notify the committees of the Congress of such an action. It is under the most extreme of all circumstances. I suspect that we want to preserve that ultimate option. I think it is important that, in accepting this amendment, we approve my amendment, which basically states the policy of the intelligence community not to recruit journalists as spies.

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

Mr. MURTHA. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I want to say I strongly support the Murtha amendment to the Richardson amendment. I think it was carefully crafted. It makes clear that a voluntary effort could be undertaken. In addition, a journalist could be used only if the President certifies to Congress as to why it is necessary to do so. I think it gives us a very good safeguard. I think it is a good compromise, and I applaud the gentleman from New Mexico for accepting the Murtha amendment.

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

Mr. MURTHA. I yield to the gentleman from Texas.

Mr. COMBEST. Mr. Chairman, I appreciate the gentleman yielding to me. I rise in strong support of the gentleman from Pennsylvania's amendment. I completely understand the concerns of the gentleman from New Mexico in offering the amendment. I would like to insert in the RECORD a letter addressed to me as chairman of the committee from the Director of Central Intelligence outlining his concerns but indicating the fact that he would have no intention of using anyone within the media but wanting to protect the right and in dire circumstances or extreme circumstances, particularly as the case may affect the ability to save lives, that they would like the option. The amendment of the gentleman from Pennsylvania does preserve that right. I do rise in strong support of it.

I include for the RECORD the letter to which I referred:

CENTRAL INTELLIGENCE AGENCY,
Washington, DC 21 May 1996.

Hon. LARRY COMBEST,
Chairman, Permanent Select Committee on Intelligence, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I write to express opposition to an amendment to be offered by Mr. Richardson of New Mexico to H.R. 3259, the Intelligence Authorization act for Fiscal Year 1997. Mr. Richardson's amendment seeks to prohibit any use of a U.S. journalist or U.S. journalistic organization for intelligence collection.

I empathize with the sentiment behind the amendment. My personal view as well as the official policy of the Central Intelligence Agency is that we should not use American journalists as agents or American news organizations for cover. As Director of Central Intelligence, I have no intention of doing either.

As Director of Central Intelligence, however, I am also wary of categorically ruling out means to collect intelligence that might, under extraordinary circumstances, make the difference in saving American lives. That is why CIA policy for the past twenty years has reserved the right to make rare exceptions to that policy. I have not encountered any set of circumstances that would lead me to consider that possibility during my service, but I do not believe that we should forever foreclose my or my successor's future consideration of such a course.

I join all Americans in my respect for the independence and credibility of our press. When I recently reviewed CIA's policy on intelligence use of American journalists at the direction of Congress, I put into place very stringent guidelines that prohibit any intelligence use of American journalists except under the most extraordinary circumstances. I found that I was unable to assure the President or the Congress that it would never be essential to ask the assistance of a journalist to discover secret information of supreme importance to the security of this country or its citizens. Unfortunately, I can envision circumstances where such cooperation might mean the difference between life and death, possibly in a terrorist situation involving a threat to many Americans. That is why I am compelled to oppose the Richardson amendment as an unnecessary and overly restrictive limitation on intelligence activity.

I urge the Committee to provide me an opportunity to explain in closed session the new guidelines I have adopted and I urge the House to reject the Richardson amendment.

An original of this letter is also being sent to Ranking Minority member Dicks.

Sincerely,

JOHN DEUTCH,
Director of Central Intelligence.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MURTHA] to the amendment offered by the gentleman from New Mexico [Mr. RICHARDSON].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Mexico [Mr. RICHARDSON] as amended.

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

Mr. RICHARDSON. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the rule, further proceedings on the amendment offered by the gentleman from New Mexico [Mr. RICHARDSON], as amended, will be postponed.

The point of no quorum is considered withdrawn.

PARLIAMENTARY INQUIRY

Mr. DICKS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DICKS. Does the gentleman have to restate his request for a recorded vote at a later time, or is it going to be an automatic recorded vote?

The CHAIRMAN. The request for a recorded vote will be pending at that time. The vote is not automatically ordered.

Mr. DICKS. I thank the Chair.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. SANDERS

Mr. SANDERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANDERS: At the end of title I, add the following new section:

SEC. 105. LIMITATION ON AMOUNTS AUTHORIZED TO BE APPROPRIATED.

(a) LIMITATION.—Except as provided in subsection (b), notwithstanding the total amount of the individual authorizations of appropriations contained in this Act, including the amounts specified in the classified Schedule of Authorizations referred to in section 102, there is authorized to be appropriated for fiscal year 1997 to carry out this Act not more than 90 percent of the total amount authorized to be appropriated by the Intelligence Authorization Act for Fiscal Year 1996.

(b) EXCEPTION.—Subsection (a) does not apply to amounts authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund by section 201.

Mr. SANDERS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. SANDERS. Mr. Chairman, this amendment is simple. It is straightforward and, in fact, it should be supported by every Member of this House, especially those who are concerned about our national debt and the deficit situation.

This amendment is about honesty. It is about consistency, and it is about national priorities. It is about whether the Members of this body, many of whom have voted to cut programs which will be very negative, which will have a lot of pain, cause a lot of pain for some of the weakest and most vulnerable people in this country, programs for our kids, programs for our senior citizens, programs for our young people, whether the Members who have voted to cut those programs now have the courage to take on the very powerful intelligence community and to say that with a $5 trillion national debt, we should not be increasing funding for intelligence when we cut back on so many programs that tens of millions of Americans depend upon.

Mr. Chairman, this amendment cuts the intelligence budget by 10 percent from the level authorized for fiscal

year 1996, and that is approximately a $3 billion cut.

Mr. Chairman, there are three basic reasons why this amendment should be supported.

First, major sections of the intelligence community are fiscally irresponsible and need to be held accountable for their hugely inaccurate reports to Congress and for their wasteful habits.

Second, like every other agency of Government, the intelligence community must bear its burden in balancing the budget. We cannot say to pregnant women, we do not have the funds to provide health insurance for you, we cannot say to senior citizens, we do not have the money to make sure you get your prescription drugs, we cannot say to young working-class families, we do not have the money to make sure that your kids can go to college, we do not have the money to adequately fund Medicaid or Medicare, but, yes, we have more than enough money to put into the intelligence agencies despite the fact that the cold war has ended.

Mr. Chairman, let me read for my colleagues an article that appeared in the May 16 New York Times. I am going to read this slowly, because I want the Members to appreciate what we are talking about today and why it is totally irresponsible for any Member to be talking about a 4.9 increase in funding.

Let me quote for the article: "In a complete collapse of accountability, the government agency that builds spy satellites accumulated about $4 billion in uncounted secret money, nearly twice the amount previously reported to Congress, intelligence officials acknowledge today."

Mr. Chairman, let us repeat what was in the New York Times so that every Member understands what this debate is about. I quote from the New York Times; "In a complete collapse of accountability, the government agency that builds spy satellites accumulated about $4 billion in uncounted secret money, nearly twice the amount previously reported to Congress."

Let me continue from the New York Times: "The agency, the highly secretive national reconnaissance office, said last year that the surplus money totaled no more than about $1 billion. Congressional intelligence overseers in December said the amount was about $2 billion. They were misinformed. The secret agency was unaware until very recently exactly how much money it had accumulated in its classified compartments."

Listen to this, to put the $4 billion in perspective, still quoting New York Times, "what the national reconnaissance office did was to lose track of a sum roughly equal to the annual budgets for the Federal Bureau of Investigation and the State Department combined."

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I support the gentleman, but I begin to get second thoughts because maybe we have found a way to really cut the deficit. This hidden money that we lost track of started out at a billion. Then within a couple of months it was $2 billion. Now it is $4 billion. There is not revenue source in the Federal Government growing at so rapid a rate. Maybe we ought to leave these people alone, because at the rate these people salt away money and have it increase, pretty soon we will get rid of the deficit.

Mr. CHAIRMAN. The time of the gentleman from Vermont [Mr. SANDERS] has expired.

(By unanimous consent, Mr. SANDERS was allowed to proceed for 2 additional minutes.)

Mr. SANDERS. Mr. Chairman, let me continue reading from the New York Times:

> John Nelson, appointed last year as the reconnaissance office top financial manager and given the task of cleaning up the problem, said in an interview published today in a special edition of Defense Week that the secret agency had undergone, quoting from Mr. Nelson, fundamental financial meltdown.

The article continues:

> The financial incompetence of the reconnaissance office meant that one of the Nation's biggest intelligence agencies misinformed Congress, the director of the Central Intelligence Agency and the Secretary of Defense about how much money it had.

Continuing the New York Times:

> The agency's secrecy made congressional oversight next to impossible, intelligence officials said. Thus the congressional intelligence committees kept appropriating money for the secret agency unaware that it was building up a surplus of billions of dollars.

End of quote from the New York Times.

Mr. Chairman, how are we going to have credibility with the American people when we say to hungry kids, we have got to cut back on nutrition programs, when we say to homeless people, there is not enough money available for affordable housing, when we say to elderly people, the Congress cannot help you pay for the prescription drugs you desperately need, when we say there is not enough money for education and have got to cut back and then, after this horrendous financial irresponsibility on the part of an intelligence community, we say, hey, no problem, you need more money, we are there to help you out.

This is wrong. This is not what deficit reduction is about. This is a horrendous sense of national priorities.

For all of those Members who have been cutting, cutting, cutting, who have been coming up here every day talking about the national debt, I ask you to support my amendment, a 10-percent cut in the intelligence budget.

Mr. COMBEST. Mr. Chairman, I move to strike the last word.

Mr. Chairman, While I disagree strongly with the amendment of the gentleman from Vermont, I do respect his interest and his position and his tenacity in his annual concern about the spending of intelligence. Unfortunately, it is difficult to discuss all of the aspects of the bill. Let me just make some general comments.

□ 1200

The gentleman mentioned that there are tens of millions of people, Americans, dependent upon other programs which are not sufficiently funded. I would agree with that. I would contend that every American depends upon and receives equally the positive results of a strong national defense, which a vital part of that is intelligence and the ability to determine intentions of other countries, particularly as we enter into wartime situations. The reduction of our capabilities abroad in the areas of defense, I think, heighten the magnification of the need for strong intelligence to make for certain we do not send Americans into harm's way. That is on the international front.

On the domestic front, concerns of terrorism, concerns of narcotics, concerns of crime are also very important to the American people, and the abilities of intelligence organizations to counter and to be aware of intentions many times go unnoticed, unheralded and, most of the time, unspoken because we simply cannot discuss them.

I share the gentleman's concern on the primary subject that he mentioned, and that was the carry-forward account in the NRO, and he is correct in the $4 billion figure that was recently announced by the newly appointed financial manager of the NRO who was brought in after the carry-forward account was discovered. Some have accused the majority in this year's authorization bill of micromanaging the NRO, and the NRP, National Reconnaissance Program.

I made a commitment to the members of this committee that the committee that was brought under task in the New York Times editorial of last year when the NRO account, carried-forward account, was first mentioned, and the committees of Congress with oversight were chastised for inadequate oversight that, as long as I had the luxury and the ability to serve as chairman of this committee, I would make every effort that I would not subject the committee to that type of criticism in the future, and it is with great interest and looking at all of the programs of the NRO that the mark that we have brought to the committee in our authorization bill this year is being questioned by so many people.

We want to be able to assure, those of us who have been given the ability to serve on this committee and basically have to ask Members of the Congress to trust us, that we are scrutinizing the expenditures of those funds, and while I do not agree that the accounting was done well at all, and in fact I think it was shoddy at best, that those moneys were appropriated and expended for, authorized and appropriated for, programs over the years of which the expenditure did not need to take place because the programs that they were to replace in our architecture had worked so well.

There was not a loss of the funds, there was not a squandering of the funds. We are continuing to demand an actual and exact accounting of those funds and the purposes for which they were initially authorized and appropriated, not money which was wasted. It is not money which was wasted, it is money which I will be the first to admit was done very shoddily in reporting to Congress, even to the director of Central Intelligence, that those funds existed.

We do not intend to allow that to happen again and are very concerned about that.

The CHAIRMAN. The time of the gentleman from Texas [Mr. COMBEST] has expired.

(By unanimous consent, Mr. COMBEST was allowed to proceed for 2 additional minutes.)

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. COMBEST. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I thank the gentleman from Texas for yielding, I thank him for his graciousness with which he is managing this debate, but I do have concern about the $4 billion. My question is:

When we discovered that there was $4 billion that was unspent because, as he said, it turned out that they did not need to spend it, did we recapture that for the U.S. Treasury and use it to reduce the deficit?

My problem is that my information is, no, the people who in fact were responsible for the overspending and no accounting essentially were allowed to spend it for other purposes or give it to the Defense Department, which means they have been given them zero incentive not to do this again. And if, in fact, it was unneeded spending, why did we not recapture it and apply it to reducing the deficit?

Mr. COMBEST. The gentleman does make a point, and he is correct in the fact that it was not taken and it was not used toward the deficit.

Let me mention to the gentleman from Massachusetts the $4 billion only is recently. We are still looking to find the fact amount.

Mr. FRANK of Massachusetts. Is there more? Maybe can we hope?

Mr. COMBEST. Well, hopefully not, but it did begin at 1, and, as we know, went to 2. The committee has been kept informed of this, of the additional amounts that continue to be uncovered, but of the amount last year, over $2 billion has been taken. Some of that was taken by other committees. Some of it was taken by the Director of Central Intelligence and expended for——

Mr. FRANK of Massachusetts. If the gentleman will yield. How much? Of the $2 billion that he saved and did not spend, or his predecessor, how much of a reward did he get of that to spend on other things?

Mr. COMBEST. I guess the reward was the fact that there was no punitive action taken. But we have taken $400 million out of the account, more than we had in our authorized bill. We are below some $400 million below the authorization from, $800 million below the authorization for 1996.

I do not want to make light of, and I do not make light of, the concerns that are raised. I will assure the gentleman that the committee shares those concerns.

The CHAIRMAN. The time of the gentleman from Texas [Mr. COMBEST] has again expired.

(By unanimous consent, Mr. COMBEST was allowed to proceed for 2 additional minutes.)

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

Mr. COMBEST. Let me just finish this, and I will be happy to yield.

Mr. Chairman, the committee is extremely concerned about the accountability because of all those good things that are there that do happen. It is this type of problem that arises that obviously makes, stretches the credibility of many of these agencies of Government.

I would only want to try to assure the gentleman that we are looking at this very carefully, very closely, and we intend for there to be complete and thorough accountability.

Mr. Chairman, I yield to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, I appreciate the difficulty of the gentleman's job as chairman of the committee, but let me ask the gentleman this:

To put $4 billion into perspective that the National Reconnaissance Office, quote unquote, lost track of, I would mention to my friend I know he is from Texas and it is a little bit bigger State than Vermont; our entire annual budget for the State of Vermont for 1 year is $1.5 billion. In other words, they lost track of an amount of money equivalent to 3 years of the budget of the State of Vermont.

Last year, I was on the floor of the House, the gentleman from Massachusetts [Mr. FRANK] was on the floor of the House, other Members, and we opposed an increase in the intelligence budget. We were concerned about exactly what we are talking about today, and we were told, "No problem. They need every dime."

Somehow or other they lost $4 billion, and I would suggest that the problem that I have with my friend's argument is that I fear next year we are going to be in the same position again.

When some agency is so irresponsible, I think we have got to say enough is enough.

Mr. COMBEST. Mr. Chairman, I understand the gentleman's concern. Let me say first of all it was not lost. The money is there and accounted for. These were programs that were authorized and appropriated and programs for which commitments have been made, and I would just simply say to the gentleman, in comparing with the State of Vermont's budget, fortunately the State of Vermont does not have to fund national defense for all Americans.

Mr. DICKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to try to see if I can provide some clarification.

On most of the major weapons systems that we fund in the Defense Department, like an aircraft carrier or the F-22, which is still an R&D program, we authorize all of the budget authority at one time. Therefore we have each year tremendous amounts of unobligated funds for those programs. If we looked at the Department of Defense, we would see there are a lot of unobligated funds.

In this area there was adopted a procedure when George McMahon was chairman of the Committee on Appropriations. There was a concern that at the end of the fiscal year if Congress did not pass the budget, that some of these programs would be adversely affected.

These are the crown jewels of our national technical means. We have a series of satellite programs that are funded on an incremental basis. One of the things we do not want to do is have them do what some agencies do, and that is rush at the end of the fiscal year to spend all the money. We have somewhere between 7 and 12 programs that have had various levels of unspent funds which added up to this total.

We have no evidence whatsoever that any of this money was wrongly spent. The money would have ultimately been spent for each of these programs. The mistake of the NRO was not keeping Congress properly informed about the total of those carryforward funds. That is what we objected to, and we were very upset about it. The Director of Central Intelligence, Mr. Deutsch, was very upset about it. He has taken steps to appoint a chief financial officer to get these accounts in order.

The money is no longer there, I want to point out to my colleagues. Some of it was used in Bosnia, some of it was used for other defense purposes, the administration took part of it in terms of

their budget request. So that balance has been reduced to a much smaller level, and again there is some management reason to have modest reserves in each of these line items.

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

Mr. DICKS. I yield to the gentleman from Texas.

Mr. COMBEST. Mr. Chairman, I would like to just also mention that in the authorization of last year our committee, and I am sorry in the conference report, which finally became the law, this committee and the Senate Intelligence Committee put a limit of 1-month carryforward money so that those could be substantial so that we can make for certain that it does not grow into the amounts. But it is written into law that there is a 1-month carryforward, no more than an 1-month carryover.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I must tell my friend from Texas I am less reassured by that than I might have been, given the fact that after we passed that conference report and it was signed into law, the unobligated, unaccounted for secret surplus went from $2 billion to $4 billion. So this restriction on them did not appear to lay a glove on them because they passed this tough restriction, and then we find out months after they pass the restriction that it was $4 billion instead of $2 billion. Maybe our colleagues should stop trying to restrict them, because they are not doing too well.

Mr. DICKS. Mr. Chairman, if the gentleman from Massachusetts will let me have my time back, I would appreciate that. I want to point out to the gentleman that when we named the chief financial officer, he had to go back in and go through all these accounts. I admit and agree with the gentleman that the amount here was totally out of proportion to what is needed to properly take care of these contingency purposes. What I am trying to point out is that the money has not been squandered, has not been used for unauthorized purposes; there is no waste, fraud, or abuse. What we had is lousy bookkeeping on the part of the NRO.

Let me just say one thing further. The NRO has been one of the premier organizations in this Government. They are great engineers. They build incredible satellites. They may be lousy accountants, and in this case they certainly were. We should always remember what they have done. They have created the best capabilities that anybody has in the world and we should remember that this agency has been very effective for the American people.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. My point was, and I must say I am again unreassured that these crack intelligence people who are so terrific cannot keep track of the money.

I will say, in fairness to them, I do not think this was lousy accounting, I think this was cleverness on their part, knowing that they can build this up and those guys are going to spend it.

But the point I want to make is this: The chairman said, "You came up with a way to prevent this from happening last year, and what happened? It got worse after you presented it." So I am saying it is——

Mr. DICKS. That is for this year's budget.

Mr. FRANK of Massachusetts. Oh, I see. So what is the excuse going to be next year?

Mr. DICKS. Well, we hope there will not be one, I would say to my colleague.

The CHAIRMAN. The time of the gentleman from Washington [Mr. DICKS] has expired.

(By unanimous consent, Mr. DICKS was allowed to proceed for 2 additional minutes.)

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

Mr. DICKS. I yield to the gentleman from Vermont.

Mr. SANDERS. Mr. Chairman, my friend from Washington will recall that last year, same time, same place, we had the same debate. The gentleman from Massachusetts [Mr. FRANK] and myself and others said we think we are spending too much on the intelligence, and we had leaders from both political parties coming forward saying they need every single nickel. And what we are hearing today is, in fact, that there was an unaccounted-for slush fund of $4 billion that, in fact, was not needed.

We were right on the debate last time, and in due respect to my friend from Washington, his position was wrong.

So the question now comes before us this year. I am not here to pass blame on any Member of the Congress.

Mr. DICKS. Mr. Chairman, I take back my time, and I say to my friend, first of all, I would not characterize this as a slush fund. I would characterize it as a management reserve for each of these important programs, and the money that Congress appropriated and authorized is needed at some point for these programs.

We have taken the money away. That means at some point in the future we have to restore it.

I would also say to the gentleman that we are going through a period where we are reducing the number of programs that we have, we are trying to change the architecture, we are trying to, in essence, invest in more capable systems for the future so that we will be able to save some money.

□ 1215

I would argue that all of the money would have been legally spent on the programs as required, eventually, and there is no indication of waste, fraud, or abuse.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have never had a clearer demonstration of the importance of an amendment. We are constrained by one of the dumber laws in the United States from telling the American people what the overall intelligence budget is. If we cannot tell people what the overall intelligence budget is, we cannot tell them the percentage, because even the accountants at the National Reconnaissance Office could figure out what that meant the total was.

But I can say this, Mr. Chairman. The $4 billion that has hidden away and spent for purposes other than was legally authorized, and let us be very clear, there is no doubt about that; what the gentleman from Texas said was it turned out they did not need to spend that.

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

Mr. FRANK of Massachusetts. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, the gentleman, I know, is not intending to say that. There was no evidence whatsoever that funds were spent for anything that was unauthorized.

Mr. FRANK of Massachusetts. That is not my point. I did not say it was unauthorized, I said they spent clearly more——

Mr. DICKS. Mr. Chairman, if the gentleman wants to read the RECORD back, that is exactly what he said.

Mr. FRANK of Massachusetts. Yes, and I will explain what I said to the gentleman. I am sorry the gentleman and his colleagues have done, frankly, such a lousy job in letting these people put $4 billion away, and it was $1 billion and then $2 billion, and now it is $4 billion. Every time, they come up with more money. You explained to us how you had it under control.

What happened, Mr. Chairman, was this: They were allowed to spend almost all of that on other purposes, not things that were not authorized, but they were allowed to spend more, because the accounts were added to. They were given that $4 billion, they were given a limit: You can spend so much on this and so much on that and so much there. And because they underspent here, they were allowed to reuse that.

You have provided them with every incentive to keep fooling you, and fooling you they have been doing. You have not penalized them at all. If any other agency of the Federal Government got caught with a surplus of this percentage, there would be calls for

resignations and impeachments and denunciations.

Mr. Chairman, the $4 billion that was found, that was spent in addition to what was authorized in these purposes, that $4 billion is more than the amendment of the gentleman from Vermont would cut. You lost track of more money than we want to cut, so that is how, I think, unfounded it is for you to claim that this in any way jeopardizes it.

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

Mr. FRANK of Massachusetts. I yield to the gentleman from Vermont.

Mr. SANDERS. Mr. Chairman, the gentleman from Massachusetts is on the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services with me. He will remember a few weeks ago, there was a photograph and great discussions about mismanagement of public housing. Does the gentleman recall that?

Mr. FRANK of Massachusetts. Yes, I do.

Mr. SANDERS. How terrible it was; how could we continue to have covered, how would we continue to fund the HUD agencies when they are going mismanagement like that? Does the gentleman not a see a little bit of a discrepancy in judgment, in opinion, in terms of the gross mismanagement of billions of dollars through the National Reconnaissance Office and what we heard about HUD and the running of public housing?

Mr. FRANK of Massachusetts. Mr. Chairman, I would make this distinction, and in the case of HUD, I am more critical, because we had for 8 years a Secretary of HUD, appointed by Ronald Reagan, who was dishonest and incompetent, in combination. I do not think that is the case here. I do not think people had the kind of abuses and criminality here. I know they did not. But what we had was they gamed the system very effectively. They were able to not have to spend it.

Mr. Chairman, the gentleman from Texas said it turned out they did not need to spend it. They were able to save $4 billion. And they got the ability, after authorizations, to reprogram that and reuse it so they were able to spend more in other areas, since they did not have to spend as much in the first area.

Given the commitment we hear about deficit reduction, it is striking that almost none of that undiscovered, unspent money went for deficit reduction.

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

Mr. FRANK of Massachusetts. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I think the gentleman was a little more accurate in his latter phrases. I want to make sure that what we did, what the Defense Department did, was take some of the excess money and use it for Bosnia. Then they did not have to come to Congress, and we approved that.

Mr. FRANK of Massachusetts. How much for Bosnia, I would ask the gentleman?

Mr. DICKS. The sum of $200 million was used.

Mr. FRANK of Massachusetts. That is $200 million out of $4 billion.

Mr. Chairman, let me take back my time to say, here is the point: Yes, $200 million, maybe a couple hundred more, was used for Bosnia. Billions of dollars were unspent. I am making two points. First of all, I am wholly skeptical of the toughness of your oversight, since no one was penalized at all. As a matter of fact, they are rewarded by this. They are rewarded when they overspend, by being allowed then to spend more than was authorized.

My point is this: If you authorize correctly in the first place, then you must admit you overspent, because if in fact they were able to make savings to the tune of $4 billion in one set of programs, then we should have been able to get at least some of the benefit of that $4 billion, instead of your rewarding them by putting it elsewhere.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. FRANK] has expired.

(On request of Mr. DICKS and by unanimous consent, Mr. FRANK of Massachusetts was allowed to proceed for 2 additional minutes.)

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

Mr. FRANK of Massachusetts. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I would say to my friend, the gentleman from Massachusetts, first of all, this was not without penalty. The Director and the Deputy Director of the NRO were replaced by the administration and a new head was brought in.

Mr. FRANK of Massachusetts. When?

Mr. DICKS. Several months ago, in February or March of this year, so there was direct action taken. I take some umbrage at this, because it was the staff on our committee, and the minority staff in particular, that were at the forefront of discovering this problem and bringing it to the administration's attention.

Mr. FRANK of Massachusetts. Mr. Chairman, I would ask the gentleman, where did it get to $4 billion.

Mr. DICKS. Last year.

Mr. FRANK of Massachusetts. You were telling us $2 billion.

Mr. DICKS. At the time they discovered it.

Mr. FRANK of Massachusetts. They hid $2 billion from you.

Mr. DICKS. They did not know what the total was.

Mr. FRANK of Massachusetts. Who did not know?

Mr. DICKS. The NRO did not.

Mr. FRANK of Massachusetts. They just lost $2 billion? With their satellites they could not find $2 billion?

Mr. DICKS. Mr. Chairman, I just would say we tried our very best to ensure that. We supported Mr. DEUTSCH's steps to reform the NRO such as appointing a chief financial officer. We found the money in the first instance, and we now have a more accurate figure.

Mr. FRANK of Massachusetts. I will take back my time to say this, Mr. Chairman; the record is clear. As the gentleman from Vermont said, you always have an explanation of how everything is fine. I understand this is difficult. They are very sophisticated things they are doing. I do not believe it was an honest error. I believe they figured out a game.

The central point I want to make is this, and I am not for hanging anyone, but the fact that an agency was able to accumulate a surplus greater than 10 percent of the total authorization here is an indication that you are giving them more money than they need for the purposes you say you are giving it to them for.

In fact, what you were doing, that $4 billion, that is the entire Community Development Block Grant Program for the United States. It was twice the Low-Income Home Energy Assistance Program for the United States. You are talking about the deficit, and people should understand, because we are going to get to a zero deficit.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. FRANK] has again expired.

(By unanimous consent, Mr. FRANK of Massachusetts was allowed to proceed for 30 additional seconds.)

Mr. FRANK of Massachusetts. Mr. Chairman, I say to the gentleman, continue this trend of ever-increasing appropriations and authorizations for this agency, even when they have shown it is excessive by building up these surpluses, and you mandate deeper cuts in the environment and law enforcement and college education and public safety and everything else, because we are in a zero-sum situation. The $4 billion they accumulated without the knowledge of this committee is taken out of other important programs. We would be gravely mistaken if we did not try to recapture that for other purposes.

Mr. TRAFICANT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is a stealth cut. Technically, the American people do not know what the budget is in the first place. I think it is very important today that we pass the Conyers amendment and once and for all bring some fiscal responsibility to the Central Intelligence Agency.

I have voted for cuts in this bill nearly every year I have been in Congress.

It is amazing for me to announce here now that I am not going to vote to cut this budget by 10 percent. I am not going to do that because I believe that John Deutch, his word is good. He is doing a good job. We have an opportunity here to put this department, the Central Intelligence Agency, and other intelligence units in order.

But we wonder why the American people are so upset with our Government. I would like to make this statement, because I do trust the chairman and the ranking member, two of our finer members, but I think it is very unusual when the American people learn about an invasion of Kuwait on CNN news. There must be an aggressive congressional oversight to ensure that these intelligence agencies are not just operating in a stealth vacuum, doing absolutely nothing. This will be the one chance this Member will give.

Mr. Chairman, I would like to say one other thing. Unless we pass the Conyers amendment, we would not know what the Sanders amendment would cut if we were not a Member of the Congress of the United States. I think the American people are paying for the freight coming down the track and should know what our intelligence community is doing.

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

Mr. TRAFICANT. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, first of all, I want the gentleman to know that I have supported Chairman GLICKMAN, I am supporting and cosponsoring the amendment of the gentleman from Michigan, Mr. CONYERS, and the President supports, as does the Aspin-Brown Commission, making the aggregate dollar number known to the American public.

I would only say one thing to the gentleman about his statement about Kuwait. George Bush, as President, the first thing he stated after the invasion was that it was not an intelligence failure. We knew several days ahead of time, but again, it is always hard for the American Government, the national command authority, when it is getting differing opinions from government heads in the area that, well, Saddham will not do this, to take action. It was not a failure of intelligence. We did have 2 or 3 days of warning. It is acting on that warning that is always difficult under our form of government.

So I do not want to disparage the intelligence agencies here. They gave them the information. The leadership could not make a decision that quickly.

Mr. TRAFICANT. Reclaiming my time, Mr. Chairman, I will not support this cutting amendment. I will give John Deutch a hand. But I will say this next year, if we continue to find ourselves in this big sinkhole without passing a Conyers amendment, I would recommend we hire Ted Turner and Rush Limbaugh and let the CIA stay home, and other defense intelligence agencies, because they are not getting too much done, folks.

Mr. Chairman, I rise in opposition to this amendment, but I want to commend the gentleman from Vermont, Mr. SANDERS. I think he may help pass the Conyers amendment, and that may be the best thing we do here in this Congress today.

Mr. LEWIS of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as a member of the Select Committee on Intelligence who has served on the committee now for a couple of years, I cannot help but rise at this point to first express my deep appreciation for the work of both the chairman, the gentleman from Texas, LARRY COMBEST, and my colleague, the gentleman from Washington, Mr. DICKS, for the very, very fine job they are doing on an extremely difficult subject area, developing and bringing the intelligence budget to this House floor.

Mr. Chairman, it is a very, very popular thing to rise and oppose the intelligence community and presume that lightly we can, using essentially a machete approach, cut 10 percent across the board in this program. Since the end of the cold war, we have progressively been reducing a very significant portion of our budget; that is, the defense budget. Defense has come down by approximately $100 billion. It is the presumption of many that since the cold war is over and since we are reducing our defense budget, that lightly we can just wipe out our intelligence needs. To suggest that that is the case would suggest to me that not very much light has been applied to the intelligence that is involved here.

The reality is that we are living in a very, very complex and very dangerous world. At the very time that we have been reducing defense spending, it is the very moment that the President and the appropriate committees need more and better intelligence around here.

The heart of the discussion relative to this proposed 10-percent cut has been that of the expenditures of the NRO. The NRO is that agency which develops and deploys our satellite systems, a source of information, intelligence information, that is most critical and one of the more important sources.

□ 1230

To suggest that we can blithely reduce the entire intelligence budget because of problems that have developed in the NRO is to not understand the need for intelligence at all. I would suggest, Mr. Chairman, that the very people who are making this proposal are the same people who for all of their careers here have opposed our national defense, have not supported expanding the national defense when we truly needed to expand those budgets. To not understand the significance of these information flows to the President at this critical time is to ignore the reality of this changing world.

This budget is within 3.9 percent of the President's request. It is not an excessive budget. Indeed, there is a need for oversight and review. I suggest to my colleagues that absolutely we support not just the chairman and the ranking member in this budget, but support the President as well.

Mr. DEFAZIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in response to the last gentleman, they are within 3.9 percent of the President's budget, but of course it erred on the side of increasing the rather generous allotment that the President has already made for these agencies, as though a fiscal crisis did not exist here in Washington.

This is an extraordinary debate, and I think the burden goes to those who are defending against a 10-percent cut in a secret number that we cannot know. Now, a case can of course be made that it is a dangerous world and we need these various organizations, and they need and can spend productively every penny which has been allocated, even a 4-percent increase over and above the generous allotment requested by the President.

But the burden does rest with the members of the Permanent Select Committee on Intelligence because they are overseers, they are the monitors, they are the protectors of the Constitution that says only Congress should appropriate funds and that it should know how much it is appropriating.

I do not know. I have not gone to look at the secret number, because if I go and look at the secret number, then I cannot tell people what the secret number is, which I can read in the New York Times. But this is somehow protecting us against the threats of our enemies. What it is protecting us against is fiscal responsibility at these agencies.

Now, wait a minute, the National Reconnaissance Agency, well, they did have a little problem. They built a building for some $300 or $400 million out at a shopping center, and Congress did not know about it. Perhaps the agency itself did not know about it or most parts of the agency did not know about it, because it keeps secrets from itself.

This is the agency that monitors everything that goes on on Earth at all times. At this moment they are recording my conversation, if not by super-secret satellite, from CNN, where they get a good deal of their information.

Now they are saying that they have found an extra $4 billion in their budget. Not to worry, $4 billion. We kill on the floor of the House of Congress, for a couple hundred thousand crummy dollars over here, and talk about welfare cheats and food stamp fraud and all that, and amounts of 10 or 20 or 30 thousands of dollars.

But here is an agency that had $4 billion, more than the total appropriation of the FBI and the State Department for their general operations, and they just did not know it, and that does not need that. Never too much money. No; an extra $4 billion. I mean given the magnitude of their annual budget, secret number, we cannot know how much that is, they needed this $4 billion. They just did not know they had it and they did not know how to spend it.

Now, there is something very, very wrong with this picture. They know everything that is going on. They are monitoring my speech on the floor, but they do not know how much money they have because they are so awash in funds, they cannot even be bothered to go out and buy a $39 software program to keep track of it.

Now, that is absurd, absolutely absured, and to say that that agency cannot withstand a cut of 10 percent is indefensible. The burden lies on those who would defend it. They get $4 billion they have not been able to spend, they did not know they had, and now they cannot withstand a 10-percent cut of their annual budget, secret number, no one can know it.

The Soviet Union might learn something from knowing how much we are spending on that agency. They will learn that we are spending more on these agencies than they are spending on their entire military budget, is what they will find. They will shake their head and wonder.

Of course the Soviet Union does not exist anymore, and that has almost percolated down to some of these agencies. They have found that fact out and we will be getting a report on that soon.

So I would rise in support of this amendment and say that the burden lies with those who would say an agency, just one of many, we do not know how much the others have lost or have an account that they have not spent. That is secret, too.

But just one of our supersecret agencies had $4 billion it did not know it had, that it has not spent, and we are being told now it was a management reserve. If that was a management reserve there, how much is reserved at the other agencies? Do they really need this year's budget? Because maybe they should spend down the reserve a little bit, because they might be at an imprudent level.

Mr. OWENS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. The CIA is out of control. It is not just the $4 billion that they had lying around that they did not know that they had. There are many other ways that the CIA is out of control, and the CIA would greatly benefit from some downsizing and some streamlining. The CIA would greatly benefit from a cut in the funds that they have while they reorganize and regroup.

This is the CIA that did not predict the collapse of the Soviet Union. This is the CIA that could not predict the most momentous event of our century. This is the CIA that could not see a dinosaur event, like the collapse of the Soviet Union. There is something radically wrong with the CIA. It has been wrong for a long time.

It is amazing that people would come to this floor and defend an agency which has lost track of $4 billion, lost track of $4 billion, and to talk about them as if they are heroes now because they are going to let some of that $4 billion be spent taking care of the war in Bosnia, somewhere else. They are not heroes. And do not talk about the fact that this is just mismanagement. It is more than mismanagement. We do not know.

Anybody here who has ever been the head of any kind of organization, if they have ever been an administrator of a public agency or they are the owner, the administrator of a private sector business, they know that when money cannot be accounted for, if it is lying loosely around and the head of the department did not know it, the head of the CIA did not know it, the President did not know it, somebody did steal money. We can assume there is a lot of stealing going on, because if we do not have any accountability, human beings always will steal.

This is the CIA that for a number of reasons should be downsizing, reorganizing, and streamlining. Nobody has mentioned Aldrich Ames here. We have discussed the $4 billion, although the $4 billion is something that the administration has admitted. They fired two people. It was on the front page of the New York Times. Some people did not know it. They fired two people, so mismanagement was occurring.

For the first time they fired the people, openly stated their names, so we know it took place, and it upset the administration a great deal because, they publicly fired the people. That is a well-documented example of great waste, monumental waste and probably corruption also.

But what we do not know, what is not talked about more is Aldrich Ames, the implication of the fact that Aldrich Ames was the head of intelligence for the Soviet Union and Eastern Europe, and he was the biggest spy of the century for the Soviet Union and Eastern Europe. Aldrich Ames was there for numerous years, and they never detected him and finally announced it was the FBI which really trapped Aldrich Ames.

Out of control, something is radically wrong there. It is a welfare agency, in that they have a lot of incompetent people there who are not doing their job, or not doing a job which is going to benefit the welfare and protect the security of the United States. Something is radically wrong. Incompetence must be monumental in that agency.

This is the agency that paid the salary of Emanuel Comstonce, who was the man who led the demonstration on the docks in Haiti when we were sending ships down there. We sent ships down there with a peacekeeping mission which had police, engineers, et cetera. They led a demonstration where they were shooting guns, intimidating the Charge d'Affaires of the U.S. Embassy. It was led by a man named Emanuel Comstonce, who was on the payroll of the CIA.

Emanuel Comstonce is right now in prison here in this country. They want to keep him here. They want to keep him isolated and quiet because he has confessed and he is telling: "I was on the payroll of the CIA."

This is an agency that is obviously out of control. It needs to be reexamined, downsized, streamlined. In modern society, any institution that operates in secrecy is in danger. Our complex society is such that any complex institutions needs to be open, so that other folks from outside the decisionmaking circles can be able to look at what is going on and offer some objective criticisms.

The Soviet Union collapsed because its whole society was a closed circle of decisionmaking, and they made monumental errors which we are still discovering and still suffering from. Chernobyl, they did not have a nuclear commission that was open and people could talk to. They did not have a environmental movement. They would suppress anybody who tried to have a movement critical of anything, so they ruined their environment.

The CIA is a closed circle of decisionmaking. The secrecy in the CIA guarantees that is always going to be a big problem. We need to open up as much as possible, not tell everything, but we can have a discussion of the budget. We should know the full amount of the budget. The New York Times estimates it is between $28 and $30 billion. We are talking about a 10-percent cut on $28 to $30 billion. We are talking about a 10-percent cut which will at the most amount to $3 billion.

The CHAIRMAN. The time of the gentleman from New York [Mr. OWENS] has expired.

(By unanimous consent, Mr. OWENS was allowed to proceed for 1 additional minute.)

Mr. OWENS. Mr. Chairman, it has already been pointed out a 10-percent

cut, which would amount to $3 billion, is less than the amount of money they lost track of. They lost track of $4 billion. They put a spin on it, they said it was $1 billion, then it became $2 billion. Now they are admitting $4 billion, and we do not know how honest they are because it keeps mounting. If they have lost track of that kind of money, they certainly can afford a 10-percent cut.

We have been offering this amendment now for the last 4 years. If they accepted it in the first place, we might be much further along the way in terms of streamlining the CIA.

I think we need the CIA. We certainly do not need the monster, the dinosaur that we have had so many years, that could not detect the changes of the Soviet Union, that gave us Aldrich Ames, that gave us Emanuel Comstonce, and then had $4 billion lying around while we are cutting the budget of Head Start, and cutting the budget of the school lunch program, and we are cutting the budget of title I, and we are cutting the budget of public housing.

We are cutting all these budgets while they have $4 billion lying around unused. We need to get control of the CIA, Mr. Chairman. We need to get control of the CIA.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. SANDERS].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. SANDERS. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the rule, further proceedings on the amendment offered by the gentleman from Vermont [Mr. SANDERS] will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT: At the end of title III, add the following:

SEC. 306. COMPLIANCE WITH BUY AMERICAN ACT.

No funds appropriated pursuant to this Act may be expended by an entity unless the entity agrees that in expending the assistance the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c, popularly known as the "Buy American Act").

SEC. 307. SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or products that may be authorized to be purchased with financial assistance provided under this Act, it is the sense of the Congress that entities receiving such assistance should, in expending the assistance, purchase only American-made equipment and products.

(b) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance under this Act, the head of the appropriate element of the Intelligence Community shall provide to each recipient of the assistance a notice describing the statement made in subsection (a) by the Congress.

SEC. 308. PROHIBITION OF CONTRACTS.

If it has been finally determined by a court or Federal agency that any person intentionally affixed a fraudulent label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that was not made in the United States, such person shall be ineligible to receive any contract or subcontract made with funds provided pursuant to this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

Mr. TRAFICANT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRAFICANT. Mr. Chairman, we have the stealth budget. This could be a stealth Buy American type of program.

Mr. Chairman, before I yield to the distinguished ranking member, I would just like to say this. I think it is important today that the Conyers amendment be passed. I think it is absolutely necessary, as indicated by previous debate.

I am here pledging to work with the chairman and the ranking member in supporting this budget and to give John Deutsch a real chance. John Deutsch's word has always been good. I have dealt with many bureaucrats down here. I think he is top flight. He deserves a chance to bring this in order.

My amendment, I think everybody understands it. I want to make sure that if we are going to be making these stealth purchases, that these stealth purchases take place in the United States of America.

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

Mr. TRAFICANT. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, I want to say to my friend from Ohio, he has offered a similar amendment in years past, with the goal of ensuring that the intelligence community maximizes its purchase of American-made products. As the gentleman knows, we are the leader in stealth technology. This is a goal I support.

We have worked with the gentleman from Ohio on other occasions to preserve the spirit of his amendment in conference, even though the committee is aware that the record of the intelligence community on the procurement of U.S. products is exemplary. We will do so again this year, and we are pleased, at least I am pleased for the minority, to accept the amendment. I yield to the chairman.

□ 1345

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

Mr. TRAFICANT. I yield to the gentleman from Texas.

Mr. COMBEST. Mr. Chairman, as we traditionally have been on this bill, we are very happy to accept the gentleman's amendment, and appreciate his continued work on this for all of these 12 years.

Mr. TRAFICANT. Mr. Chairman, reclaiming my time, the only thing I can say is if the Conyers amendment passes, we will know the aggregate amount, we will not know the line items, the public will not, but I am going to go up and check to see if these intelligence agency sleuths are buying American.

Mr. Chairman, with that, I urge an "aye" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRAFICANT].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. BROWNBACK

Mr. BROWNBACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWNBACK: At the end of title III insert the following new section:

SEC. 306. RESTRICTIONS ON INTELLIGENCE SHARING WITH THE UNITED NATIONS.

(a) IN GENERAL.—The National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding at the end of title I the following new section:

"RESTRICTIONS ON INTELLIGENCE SHARING WITH THE UNITED NATIONS

"SEC. 110. (a) PROVISION OF INTELLIGENCE INFORMATION TO THE UNITED NATIONS.—(1) No United States intelligence information may be provided to the United Nations or any organization affiliated with the United Nations, or to any official or employee thereof, unless the President certifies to the Committee on Foreign Relations and the Committee on Intelligence of the Senate and the Select Committee on Intelligence of the Senate and the Committee on International Relations and the Permanent Select Committee on Intelligence of the House of Representatives that the Director of Central Intelligence (in this section referred to as the 'DCI'), in consultation with the Secretary of State and the Secretary of Defense, has required, and such organization has established and implemented, procedures for protecting intelligence sources and methods (including protection from release to nations and foreign nationals that are otherwise not eligible to receive such information) no less stringent than procedures maintained by nations with which the United States regularly shares similar types of intelligence information. Such certification shall include a description of the procedures in effect at such organization.

"(2) Paragraph (1) may be waived upon written certification by the President to the appropriate committees of Congress that providing such information to the United Nations or an organization affiliated with the United Nations, or to any official or employee thereof, is in the national security interest of the United States and that all possible measures protecting such information has been taken, except that such waiver must be made for each instance such information is provided, or for each such document provided.

"(b) PERIODIC AND SPECIAL REPORTS.—(1) The President shall periodically report but not less frequently than quarterly, to the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and the Committee on International Relations and the Permanent Select Committee on Intelligence of the House of Representatives on the types and volume of intelligence provided to the United Nations and the purposes for which it was provided during the period covered by the report. Such periodic reports shall be submitted to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives with an annex containing a counterintelligence and security assessment of all risks, including an evaluation of any potential adverse impact on national collection systems, of providing intelligence to the United Nations, together with the information on how such risks have been addressed.

"(2) The President shall submit a special report to the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and the Committee on International Relations and the Permanent Select Committee on Intelligence of the House or Representatives within 15 days after the United States Government becomes aware of any unauthorized disclosure of intelligence provided to the United Nations by the United States.

"(c) LIMITATION.—The restrictions of subsection (a) and the requirement for periodic reports under paragraph (1) of subsection (a) shall not apply to the provision of intelligence that is provided only to, and for the use of, appropriately cleared United States Government personnel serving with the United Nations.

"(d) DELEGATION OF DUTIES.—The President may not delegate or assign the duties of the President under subsection (a).

"(e) RELATIONSHIP TO EXISTING LAW.—Nothing in this section shall be construed to—

"(1) impair or otherwise affect the authority of the Director of Central Intelligence to protect intelligence sources and methods from unauthorized disclosure pursuant to section 103(c)(5) of the National Security Act of 1947 (50 U.S.C. 403–3(c)(5)); or

"(2) supersede or otherwise affect the provisions of title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.).".

(b) CLINICAL AMENDMENT.—The table of contents for the National Security Act of 1947 is amended by inserting after the item relating to section 109 the following:

"Sec. 110. Restrictions on intelligence sharing with the United Nations.".

Mr. BROWNBACK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. BROWNBACK. Mr. Chairman, I rise today in an attempt to restore sanity to our policy of sharing intelligence information with the United Nations.

My amendment would amend the 1974 National Security Act to prohibit the sharing of U.S. intelligence information with the United Nations or any of its affiliated organizations unless the President certifies to Congress that the organization has implemented CIA, Defense, and State Department procedures to protect U.S. intelligence sources and methods.

This provision is not intended to end U.S. intelligence sharing with the United Nations, nor does it mean to set unreasonable or impossible standards for the protection of critical U.S. sources and methods of intelligence gathering.

The only purpose of this provision is to restore basic rationality to the administration's imprudent sharing of sensitive intelligence information with the United Nations.

My provision establishes logical and reasonable standards for sharing intelligence information with the United Nations. All it says is that the United States should require the same level of protection of U.S. intelligence information from the United Nations that we require in our intelligence sharing arrangements with other states.

If for some reason the United Nations is unwilling or incapable of providing that level of protections, my provision will still permit the sharing of U.S. intelligence with the United Nations on a case-by-case basis. In each of these cases, all that is required is a certification that the information shared advances U.S. national security interests.

Protecting our sources and methods of intelligence gathering is not an academic subject. It is a matter of national security. It is a matter of protecting lives. It is a matter of protecting billions of dollars of investments that the American people have made in our country's vital national security interests.

Mr. Chairman, the United Nations has acted like a sieve when it comes to safeguarding intelligence information to the same degree as the United States.

Senator OLYMPIA SNOWE of Maine has identified four instances in which the United Nations has breached the security of classified documents provided by the United States. The most egregious violation occurred in Somalia where sensitive data was almost compromised due to the United Nation's carelessness.

In addition, Senator SNOWE has discovered that no agreement has been in place that requires the United Nations to provide for the protection of intelligence supplied by the United States.

As a result of her findings, Senator SNOWE drafted a provision included in the conference report of the State Department Authorization Act that mirrors the amendment I am offering today. The House has passed this provision twice. I simply ask now that my colleagues now act on it again.

Mr. Chairman, the administration has failed to implement the safeguards needed to protect U.S. intelligence information from unauthorized disclosure.

In fact, rather than further safeguarding our intelligence information, CIA Director Deutch has tried to institutionalize the widespread sharing of sensitive U.S. intelligence material by making it easier for foreign consumers to register complaints about the use of security markings, which protect the national security of the United States.

Mr. Chairman, if my colleagues have any misgivings about this amendment, I simply want to point out to them that U.N. General Secretary Boutros-Ghali has appointed an Iraqi national, Ismat Kittani, to be the head of the United Nations' Department of Peacekeeping Operations. It is truly disturbing that a national from a country with which the United States has no diplomatic relations, which is on the U.S. State Department list of terrorist states, and with which the United States recently went to war could be appointed to such a sensitive position in the United Nations.

This is wrong, and this is indicative of the recklessness with which the United Nations treats sensitive matters and sensitive information. The United States should not share our intelligence information with the United Nations unless it adopts the standards to which we hold our own agencies accountable.

Mr. DICKS. Mr. Chairman, I rise I opposition to the amendment.

Mr. Chairman, the Brownback amendment places new, unworkable restrictions on the United States sharing information with the United Nations—even when it is in the national interest to do so. It would make it extremely difficult to provide intelligence support to those U.N. activities which are supportive of U.S. foreign policy goals.

The administration is opposed to the Brownback amendment. This amendment is identical to language contained in the conference report on H.R. 1561, the Overseas Interests Act, which was vetoed by the President. As the President noted in his veto message, this amendment would unconstitutionally infringe on the President's power to conduct diplomatic relations and limit Presidential control over the use of state secrets.

The DCI has already established guidelines to protect intelligence sources and methods, when it is determined to be in the interest of the United States to provide information derived from U.S. intelligence to the United Nations. Furthermore, the

United Nations is working with a senior delegation of State, Defense, and CIA officials to implement a number of improvements to its internal security procedures.

The DCI's guidelines ensure that information is carefully reviewed and sanitized so that the least sensitive intelligence that satisfies a U.N. requirement is provided. Even if information that is provided to the United Nations fell into the wrong hands, it will have been sanitized so that it will not compromise U.S. intelligence sources and methods.

The Brownback amendment would impede the ability of the United States to maintain a flexible and efficient information sharing arrangement with the United Nations, and may adversely impact the ability of the United States to achieve foreign policy successes.

The waiver provided in the amendment is too burdensome to be effective. It requires the President to issue a waiver for each instance that information derived from intelligence is provided to the United Nations, or for each document that is provided. Furthermore, the President may not delegate this authority.

The amendment also requires the President to personally report, at least quarterly, to Congress on the types and volume of intelligence provided to the United Nations and the purposes for which it was provided, and report to Congress within 15 days of any unauthorized disclosure. The President ought to be able to delegate this authority to the DCI.

The Permanent Select Committee on Intelligence, the committee of this Chamber with the greatest concern over the protection of sources and methods, considered legislation similar to the Brownback amendment at the beginning of the 104th Congress and rejected it on a bipartisan basis.

The committee found several instances where the current intelligence sharing arrangement with the United Nations has yielded specific foreign policy successes. Information was shared with Security Council members on Iraqi troop build-ups, in support of a multilateral effort to prevent a repeat of Iraq's 1991 invasion of Kuwait. Intelligence has also assisted United Nations Special Commission in Iraq [UNSCOM] inspectors in their attempts to enforce U.N. sanctions calling for the dismantling of Iraq's weapons of mass destruction programs. U.S. imagery has helped U.N. relief agencies determine the magnitude and direction or refugee flows within and from Rwanda. Timely intelligence sharing has also helped save the lives of the United States Protection Force [UNPROFOR] peacekeeping troops in Bosnia.

While I do not believe it is necessary to legislate in this area to restrict the President's ability to share intelligence information to promote U.S. foreign policy, a compromise amendment worked out by the Senate Intelligence and Foreign Relations Committees adopted by the Senate last year would be clearly preferable.

I urge a no vote on the Brownback amendment.

Mr. COMBEST. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to say initially that I am in total agreement with the gentleman's intent, that I share his concerns and voted for provisions in H.R. 7 of last year that would have substantially improved the process by which intelligence could be shared with the United Nations.

Unfortunately, those restrictions did not become law, and I still support the idea of requiring that to the appropriate committees of Congress, that any information which is shared with the United Nations commanders must be provided to the Congress for oversight.

I am concerned, and our committee spent a good deal of time over the last year following some recognition of some problems in pursuing those to make certain that there was no loss of sources or methods in some of them mishandling of classified information, and we have a very strong concern.

Let me mention two areas of concern that I have in regards to the gentleman's amendment that I certainly do not presume in any shape, form or fashion would be intentional. But let me mention two areas of real concern that I have, in which I am concerned that the amendment as offered by the gentleman from Kansas [Mr. BROWNBACK] in its current form would have.

One is in the area of providing and sharing intelligence in which U.S. troops are involved. That would be that we would be prohibited in certain instances by a basic prenotification, that we could not share intelligence with NATO forces in any area in which U.S. troops were involved, and consequently could potentially put them into greater harm. In addition to that, in certain instances that would require prenotification that might not be possible in a timely fashion.

I will give you an example in which Captain O'Grady was shot down. That information through the processes of determining the fact that there were surface to air missiles that were in a location that had not previously been determined, literally came down to a matter of minutes, in which we may have been able to be aware of that, but not been able to share that with U.N. forces in the area that they would have been able to get that information to Captain O'Grady.

Those concerns in a real timely fashion I believe were legitimate, and I have an amendment to the Brownback amendment that I would submit, Mr. Chairman, that would in fact allow a broader authority for sharing of intelligence when it goes to support U.N. forces in which the United States is a participant, and, secondly, to allow a waiver for emergency situations involving imminent risk to U.S. lives, in which case the President would have to report to Congress as to the specific details of that waiver.

AMENDMENT OFFERED BY MR. COMBEST AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BROWNBACK

Mr. COMBEST. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST as a substitute for the amendment offered by Mr. BROWNBACK: At the end of title III, the following new section:

SEC. 306. RESTRICTIONS ON INTELLIGENCE SHARING WITH THE UNITED NATIONS.

(a) IN GENERAL.—The National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding at the end of title I, the following new section:

"RESTRICTIONS ON INTELLIGENCE SHARING WITH THE UNITED NATIONS

"SEC. 110. (a) Provision of Intelligence Information to the United Nations.—(1) No United States intelligence information may be provided to the United Nations or any organization affiliated with the United Nations, or to any officials or employees thereof, unless the President certifies to the appropriate committees of Congress that the Director of Central Intelligence, in consultation with the Secretary of State and the Secretary of Defense, has established and implemented procedures, and has worked with the United Nations to ensure implementation of procedures, for protecting from unauthorized disclosure United States intelligence sources and methods connected to such information.

"(2) Paragraph (1) may be waived upon written certification by the President to the appropriate committees of Congress that providing such information to the United Nations or an organization affiliated with the United Nations, or to any officials or employees thereof, is in the national security interests of the United States.

"(b) PERIODIC AND SPECIAL REPORTS.—(1) The President shall report semiannually to the appropriate committees of Congress on the types and volume of intelligence provided to the United Nations and the purposes for which it was provided during the period covered by the report. The President shall also report to the appropriate committees of Congress within 15 days after it has become known to the United States Government that there has been an unauthorized disclosure of intelligence provided by the United States to the United Nations.

"(2) The requirement for periodic reports under the first sentence of paragraph (1) shall not apply to the provision of intelligence that is provided only to, and for the use of, appropriately cleared United States Government personnel serving with the United Nations.

"(c) DELEGATION OF DUTIES.—The President may not delegate or assign the duties of the President under this section.

"(d) RELATIONSHIP TO EXISTING LAW.—Nothing in this section shall be construed to—

"(1) impair or otherwise affect the authority of the Director of Central Intelligence to protect intelligence sources and methods

from unauthorized disclosure pursuant to section 103(c)(5); or

"(2) supersede or otherwise affect the provisions of title V.

"(e) DEFINITION.—As used in this section, the term 'appropriate committees of Congress' means the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and the Committee on Foreign Relations and the Permanent Select Committee on Foreign Relations and the Permanent Select Committee on Intelligence of the House of Representatives."

"(b) CLERICAL AMENDMENT.—The table of contents for the National Security Act of 1947 is amended by inserting after the item relating to section 109 the following:

"Sec. 110. Restrictions on intelligence sharing with the United Nations.".

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. COMBEST. Mr. Chairman, I will only reiterate the substitute that I will be offering to the Brownback amendment would provide those two caveats, one for the allowance of intelligence sharing, broader authority for allowance of intelligence sharing when it goes to supporting U.N. forces in which the United States is a participant, and the second to allow a waiver for emergency situations that involve imminent risk to U.S. lives, in which case the President would have to report to Congress the details of that waiver.

Mr. DICKS. Mr. Chairman, I rise in very strong support of the Combest substitute and urge its adoption.

□ 1300

Mr. TIAHRT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this is not specifically addressed to the amendment that is being offered by the gentleman from Texas [Mr. COMBEST]. I want to speak in favor of the legislation because I am very concerned about how the United Nations has mismanaged not only classified information but other financial matters that they have gotten, and I am speaking specifically to Cambodia, where they lost some $20 million plus worth of equipment that has just disappeared.

We are not just talking about hardware here, we are talking about classified information and the inability of the United Nations to handle that information in a prudent fashion.

Before I came to the Congress, I worked for the Boeing company, and I worked in classified areas where top-secret documents were stored and handled and even developed. We were under very strict guidelines. And if I look at what has happened in Somalia, as pointed out by Senator SNOWE, if similar occurrences had occurred in the work environment that I was working under, it would have resulted in a certain loss of job and a potential prosecution under U.S. law.

Because we are giving classified information to the United Nations, they do not fall under the same guidelines, the same legal restrictions that we have here in the United States. This information can be passed on or lost or stolen and can fall into the wrong hands.

I share the concerns of the gentleman from Texas [Mr. COMBEST] for situations where we have U.S. troops in critical situations and that there may be a sudden need to share locations of anti-aircraft missile sites, but when we look at the general trend that goes on in the United Nations when they handle information of this classified nature, they do not have the proper guidelines. They do not follow the common sense criteria that we have laid out in the United States.

Mr. Chairman, I have risen in strong support of the amendment of the gentleman from Kansas, Representative BROWNBACK, because I believe there needs to be some confidence on the part of the United States that when it does share information that was gained at a very high cost in terms of expensive satellite systems or in developmental hardware or in a high cost to taxpayers, that it not fall into the hands of people who could use it against the very people that paid for the information; that it could go against the best interests of this country, whether it is military purposes or social purposes or political purposes or whatever.

I think it is important that this type of information be guarded; that there be a high degree of responsibility in making sure that it is only narrow in its scope; that it is directed specifically for an instance, and that broad-based intelligence, classified intelligence information is not shared for unnecessary purposes.

Mr. Chairman, I do not see those guidelines around. So I think the Brownback amendment is certainly a step in the right direction and I would stand in support of the Brownback amendment.

Mr. CHABOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment offered by my good friend, fellow freshmen, and thoughtful colleague on the International Relations Committee the gentleman from Kansas [Mr. BROWNBACK].

This amendment would prohibit the sharing of U.S. intelligence information with the United Nations or any of its affiliates unless the President certifies to Congress that the U.N. organization has implemented the proper CIA, Defense Department, and State Department procedures to ensure that U.S. intelligence sources and methods are protected.

It is a good amendment. It was passed by both Houses earlier this year as part of the Foreign Relations Authorization Act—a bill that was unfortunately, and I believe wisely, vetoed by President Clinton. We can rectify some of the damage done by that veto if we adopt the Brownback amendment today.

Mr. Chairman, I can see no logical reason why anyone would want to oppose this amendment. The United Nations is not known for its sympathy to American interests. And when sharing our intelligence data, we must be extremely careful. The Brownback amendment protects that data, protects our intelligence sources, and protects our intelligence methods. I urge my colleagues to support it.

Mr. BROWNBACK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to engage, if I could, in a bit of a dialog with the chairman of the Permanent Select Committee on Intelligence, the gentleman from Texas [Mr. COMBEST], on his amendment to my amendment.

As I understand from his discussion of this amendment, he would maintain the majority of the bill that we have put forward, as far as the concerns that we have of the loose treatment of intelligence information by the United Nations of U.S. intelligence information.

That is maintained; is that correct?

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

Mr. BROWNBACK. I yield to the gentleman from Texas.

Mr. COMBEST. Mr. Chairman, the gentleman is correct.

Mr. BROWNBACK. Mr. Chairman, reclaiming my time, the gentleman is attempting here to get at particularly the issue of when we are engaged in a particular theater that that information can be shared on that theater of operations, not just on a specific instance by instance?

Mr. COMBEST. My concern would be, for example, we can take the UNPROFOR forces, where the United States is a part of that operation; requiring a prior approval on each case-by-case basis might not be able to be done in a timely fashion.

If it is required that there be a waiver or that that be reported to Congress as a theater, the American forces involved with UNPROFOR in Bosnia, that would certainly be something I would support.

It is the individual case, in which in a timely manner prior approval could not be given, just simply because there was not enough time that existed prior to the need to share that information for protection of American lives, either be it a single situation, such as Captain O'Grady, or U.S. forces that might be involved in a situation where we became aware of something that was fixing to happen or was going to happen

in a very short order but there was not time for the President to actually get engaged and to grant the waiver prior to the time that action had to be taken.

Those are the concerns I have. And in those instances, I would try to protect in my substitute that the appropriate committees of Congress would have to be notified that, in fact, that waiver was granted and could then make their own determination about whether or not it, in fact, qualified.

Mr. BROWNBACK. Mr. Chairman, our amendment had put forward particular safeguarding procedures to try to encourage there to be an agreement between the United States and the United Nations on any sort of sharing of information and that we tighten up that procedure.

Those are maintained, as I understand it, in the amendment that the gentleman has put forward.

Mr. COMBEST. Mr. Chairman, I support the idea of requiring an agreement to be made. That may not be true of every member of the committee, but I certainly do support that.

Mr. BROWNBACK. Mr. Chairman, with that, I have no objections to the amendment.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words. We accept the amendment. I commend the gentleman. I think he has made the right decision here. He is moving the ball forward, and we are just as concerned as he is about making sure that U.S. intelligence is secured properly. I think by accepting the Combest amendment we can make progress because of his initiative. I urge support for the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST] as a substitute for the amendment offered by the gentleman from Kansas [Mr. BROWNBACK].

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. BROWNBACK], as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. CONYERS

Mr. CONYERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONYERS:

SEC. 306. ANNUAL STATEMENT OF THE TOTAL AMOUNT OF INTELLIGENCE EXPENDITURES FOR THE CURRENT AND SUCCEEDING FISCAL YEARS.

At the time of submission of the budget of the United States Government submitted for fiscal year 1998 under section 1105(a) of title 31, United States Code, and for each fiscal year thereafter, the President shall submit to Congress a separate, unclassified statement of the appropriations and proposed appropriations for the current fiscal year, and the amount of appropriations requested for the fiscal year for which the budget is submitted, for national and tactical intelligence activities, including activities carried out under the budget of the Department Of Defense to collect, analyze, produce, disseminate, or support the collection of intelligence.

Mr. CONYERS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CONYERS. Mr. Chairman, I offer today a modest proposal that would do no more than provide the American people and the Congress with information they are entitled to. The amendment would essentially declassify the aggregate figure of the intelligence budget. It would make public the requested amount in the current fiscal year's appropriated amount beginning October 1996. It would not disclose any specific operation or department budgets, only the bottomline budget number.

The amendment would conform to the recommendations of the Commission on Role and Capabilities of the Intelligence Community, chaired by the former Secretary of Defense, Harold Brown. This bipartisan commission proposed that the President or his designee disclose the total amount of money appropriated for intelligence activities during the current fiscal year and the total amount being requested for the next fiscal year.

Similarly, the prestigious Council on Foreign Relations report on intelligence reform likewise urged the opening of the intelligence budget.

This amendment would also mirror the provisions contained in the intelligence authorization bill produced by the other body, which has passed in the Senate Intelligence Committee.

Now, why? The reason is, first of all, constitutional, which in our Constitution, it is clearly stated that a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

It is simple, straightforward, and clear. The Framers of the Constitution, themselves fresh from secret military operations against the British, were no strangers to the need for secrecy. Yet, they decided they needed to be accountable to the taxpayers. As early as 1790 and 1793, when the Congress created a secret fund for persons to serve the United States in foreign parts, the law provided for public disclosure of the aggregate amount. I think if Americans could have openness after the Revolutionary War, then we can certainly have the same openness after the cold war.

Now, in my earlier service on the Government Operations Committee of this body, I had a number of decades of experience dealing with classified information and the procedures for handling that information. When the Government unnecessarily withholds information from the public, believe me, it undermines the legitimate secrecy of information that really should be protected. When we have an open secret, as we do presently, and let us make it public, like the intelligence budget, it creates a government by leaks, where information is controlled more by access than by policy.

Withholding this kind of information from the public, in addition, undermines confidence in government. I think Americans support an intelligence system that provides accurate, timely information to our policymakers. When the Director of the Central Intelligence Agency was asked in April what was the purpose of disclosure of the budget, he said that "the importance here is to gain public support for intelligence."

I do not think it is asking too much for Congress to tell our citizens and constituents, in general terms, how many resources we are allocating for intelligence purposes.

Mr. Chairman, I conclude by observing that it is time to stop withholding this information. My amendment to make public the bottomline amount of the intelligence budget is a sensible step toward fiscal responsibility.

I have a great deal of support both in and out of the Congress for this amendment and I urge that it be speedily approved.

□ 1315

Mr. COMBEST. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will not take the 5 minutes. I would just like to mention a few points that I have mentioned before and my objections to the concept of the gentleman's amendment. The ranking member of the committee is in support. In fact, I think a cosponsor, chairman of the committee in the previous Congress, our friend the Secretary of Agriculture, Mr. Glickman, supported the idea.

I believe this is starting down a slippery slope. I think this is an inside-the-Beltway issue. I do not believe the American people are clamoring to know the intelligence budget. I believe that they understand the need for there to be national secrets. I believe that, and in fact the staff have begun to put extreme pressure on knowing the individual amounts of various programs, various agencies within the intelligence community. That information, I think, provides information to folks that we would rather not know what our plans and programs are; that, in fact, is harmful.

Finally, I would just simply say that in the administration's support of this, of declassification of the topline figure, the President has the authority today,

if he wished, to call a news conference and disclose the amount, he could do so. He does not need congressional approval.

I think he is looking for congressional cover. I would suggest that, if the administration wishes to take this action, that they would move forward under the authority which they currently have. The President may so desire to do that. That is his decision. I simply do not feel comfortable with it. I have always opposed it, continue to oppose it and would not in fact be supportive, could not lend my support to a provision which in fact would cause him to, given that he has the authority now.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words and speak in favor of the amendment.

Mr. Chairman, I want to rise in support of the Conyers amendment as a cosponsor of it. The amendment will require the disclosure of the aggregate budget figure only, not the budgets of any intelligence agency, nor the budget for any program or activity. There is no threat to national security from the disclosure of only the aggregate figure. No potential adversary of the United States has the ability to thwart any intelligence collection activity as a result of knowing just the aggregate budget figure.

The executive order on classification permits information to be classified only if its disclosure would be expected to cause damage to the national security. Classification of the aggregate intelligence budget figure does not meet that test.

The Constitution requires a public statement and account of the expenditure of public funds. Disclosure of the aggregate budget figure is more consistent with that constitutional requirement than the current practice.

I might just add I had the pleasure of serving on the Aspin-Brown Commission. The Commission endorsed disclosing the aggregate number. The current Director of the Central Intelligence Agency, Mr. John Deutch, has also come out in favor of it, as has the President. I think it would be totally appropriate for the Congress to take this step. That is why I was delighted to join with my colleague, the gentleman from Michigan [Mr. CONYERS], in presenting this amendment today.

I urge my colleagues to vote for it.

Mr. FARR of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Conyers amendment. This debate here is about national security. National security is about confidence, confidence in Government, trust in the Congress of the United States. How can we expect the public to trust the House of Representatives when we continue to keep budget information secret?

Think about it. We are in the month of May. Every city council, every school board, every county government, every State government has to have their budgets adopted by the fiscal year July 1. That means right now throughout the United States these hearings on local budgets are going on. All publicized, the public knows every cent that comes in and every penny that is spent, except here in the House of Representatives, where we keep and have traditionally kept secret a portion of the national security budget. I think that is wrong. I think we need to have confidence in what we do here. We can only have that confidence if indeed we tell everybody where their money is going.

Mr. Chairman, in light of the debate here today, it is interesting that the President says we should make this public. The Senate Intelligence Committee voted to make it public. The former and current CIA Directors agree that it ought to be public. The only way we can ensure that it will be made public is to vote for the Conyers amendment, help restore confidence in Congress. Support this amendment.

Mr. COMBEST. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

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

There was no objection.

Mr. COMBEST. Mr. Chairman, I do not believe we have any further speakers on this side. I just wanted to make a point that emphasizes something I had said earlier. The White House press statement relative to the intelligence community budget of 1996 said, reflecting the President's determination to promote openness in the intelligence community, he has authorized Congress to make it public.

Mr. Chairman, the President can make it public. I would state that the report of the Aspin-Brown commission says that the commission recommends that the President or his designee disclose the total amount of money appropriated for intelligence activities during the current fiscal year and the total amount being requested for the next fiscal year. That is my suggestion. In compliance with the Aspin-Brown commission, if the President wishes the budget to be disclosed, he or his designee should do it.

Mr. STARK. Mr. Chairman, I rise today in support of the Conyers amendment to H.R. 3259, the fiscal year 1997 intelligence authorization bill. The Conyers amendment would require the release of a separate, unclassified statement of budget outlays for intelligence activities.

It is high time that this come under the same scrutiny as other Government spending. For many years during the cold war, the budget figures for intelligence were kept secret so that our enemies would not know our aggregate spending levels. Although I might question that justification, the point is now moot. The cold war is over, and any attempt to use it to justify the continuing secrecy of a large, expensive set of programs seems to be a cynical attempt to evade oversight and proper accounting.

The need for public scrutiny is clear: from the press reports of the last few weeks, I learned that the National Reconnaissance Office, the agency that manages spy satellites, has accumulated a financial surplus of $3.8 billion. Let's assume that any other agency—one less popular with the majority party, perhaps—had stockpiled billions of dollars.

Do you think, with a public viewing of their finances, that such an agency would have been allowed to continue stockpiling money? How do I explain to mother that the Federal Government has no money for well baby care but has billions for spies slush funds?

As if the human costs of continued Government secrecy weren't bad enough, there is a clear constitutional mandate for public disclosure of intelligence spending. The Constitution states that "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of Receipts and Expenditures of all public Money shall be published from time to time." Whey then do we continue to shroud intelligence spending, and keep our taxpayers in the dark?

When the public receives the amount of money spent on intelligence by accident—the 1994 Defense Appropriations Subcommittee hearings disclosed an aggregate of $28 billion dollars—or by press leaks, it merely contributes to the dangerous perception of Government as "Big Brother". We can help stop that perception today by adopting the Conyers amendment and proving that no arm of Government is immune to public scrutiny.

It's time to bring the intelligence community in line with the rest of Government. No agency should be free from a public examination of its finances. It's common sense, it's constitutional, and it's responsible. I urge a "yes" vote on the Conyers amendment.

Mr. FAZIO of California. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan [Mr. CONYERS]. His amendment to the fiscal year 1997 intelligence authorization bill would declassify the aggregate figure of the intelligence budget.

I believe, as do many of my colleagues, that a classified intelligence budget is inconsistent with the accountability requirements of the Constitution, and that it inhibits the openness that must prevail in order to facilitate informed participation in our democracy.

Moreover, as many fiscal watchdog organizations have pointed out, American taxpayers deserve fiscal accountability when it comes to the intelligence budget. If we continue to ask the taxpayers of this country to contribute billions of dollars to the intelligence budget, they deserve to know how much is being spent on their behalf. We need only look at the example of the National Reconnaissance Office to see what happens when intelligence budgets are kept hidden.

I understand the critically important national security questions which are at stake in this debate. But as a former member of the Armed Services Committee, I do not believe that public disclosure of the total amount of money appropriated to the intelligence budget would compromise our Nation's security

The President supports disclosure of the intelligence budget, as does the Senate Intelligence Committee. I urge my colleagues to support disclosure of this budget as well. Vote "yes" on the Conyers amendment.

Mr. CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CONYERS].

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

Mr. COMBEST. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

Mr. CHAIRMAN. Pursuant to the rule, further proceedings on the amendment offered by the gentleman from Michigan [Mr. CONYERS] will be postponed

The point of no quorum is considered withdrawn.

Mr. CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. COMBEST

Mr. COMBEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST: In the matter proposed to be inserted by section 401, strike "Make" and insert in lieu thereof the following: "Subject to such amounts as may be provided in advance in appropriations Acts, make".

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COMBEST. Mr. Chairman, this amendment simply provides the opportunity for the Central Intelligence Agency to execute multiyear leasing authority. The CIA has routinely signed multiyear leases since 1949, relying on section 8 authority to expend appropriated funds of the CIA Act. The CIA inspector general now has concerns about the propriety of using that authority for overt leases.

CIA needs are such that it often requires space on a very short notice. If it can do so only for short-term leases, 1 year, landlords demand higher rental payments. GSA has difficulty meeting CIA's very specific needs: readily available space, special security and communications needs resulting in added cost for CIA and thus for the Government as a whole.

The CBO raises concerns about the availability of appropriations for multiyear leases. My amendment would require that multiyear leases be subject to the availability of funds. CBO is also concerned that this provision could cost several million dollars per year. We have to remember that without this authority, the CIA will continue to use 1-year leases that will inevitably cost more money. Our best estimate is that this provision will save more than a million dollars per year.

Mr. Chairman, it is technical. It is my understanding that my colleague, the gentleman from Washington [Mr. DICKS], has no objection to this amendment.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

The amendment would amend section 403 of the bill, giving CIA the authority to enter into multiyear leases to require that the CIA have an appropriation for the total amount of the lease in advance.

I understand the concern of the Congressional Budget Office and the Budget Committee that section 401 as it appears in the bill would allow CIA to enter into long-term leases without being subject to appropriations action. This was not the intent of the committee.

However, I do have some concerns about the language of the amendment. Since these leases could easily run into many millions of dollars, it is not clear to me that there would ever be an authorization or appropriation for these leases in advance.

It is also not clear how funds could be made available for the entire term of a 15- or 20-year lease. Nevertheless, because I believe it should be possible to find mutually acceptable language in conference, I am prepared to accept this amendment for our side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. COMBEST

Mr. COMBEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST: Amend section 402 to read as follows:

SEC. 402. ELIMINATION OF DOUBLE SURCHARGE ON THE CENTRAL INTELLIGENCE AGENCY RELATING TO EMPLOYEES WHO RETIRE OR RESIGN IN FISCAL YEARS 1998 OR 1999 AND WHO RECEIVE VOLUNTARY SEPARATION INCENTIVE PAYMENTS.

Section 2(i) of the Central Intelligence Agency Voluntary Separation Pay Act (50 U.S.C. 403–4 note) is amended by adding at the end the following new sentence: "The remittance required by this subsection shall be in lieu of any remittance required by section 4(a) of the Federal Workforce Restructuring Act of 1994 (5 U.S.C. 8331 note).".

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. COMBEST. Mr. Chairman, this section corrects existing law which currently requires the CIA to make two payments, one of 9 percent, one of 15 percent, for employees who take incentivized retirement from the CIA during fiscal years 1998, 1999. The CIA is required to make the Government retirement trust fund whole for those individuals who take these incentivized retirements. In order to do so, it must reimburse the Federal Government 15 percent of the final base pay of each individual who retires. Requiring the CIA to make an additional 9 percent payment becomes a penalty.

Section 403 eliminates the double surcharge. This amendment is identical to one offered by the gentleman from Florida [Mr. MICA], chairman of the Subcommittee on Civil Service. It is my understanding that Mr. DICKS has no objections.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the amendment makes clear that what we were trying to do in the bill was ensure CIA makes only one payment and not two, to the civil service retirement and disability fund for those agency employees who take an early retirement or resign and receive separation incentives in fiscal year 1998 and 1999.

The CIA was required to make these payments under both amendments to the CIA Voluntary Separation Pay Act enacted last year and the Federal Workforce Restructuring Act of 1994. It was never intended that the CIA would have to pay 24 percent for employees leaving the agency under its separation incentive program.

The amendment clarifies that the required 15-percent payment to the fund under the CIA Voluntary Separation Pay Act is in lieu of the 9-percent payment required under the Federal Workforce Restructuring Act. Thus we would be happy to accept it on our side and urge the committee to pass it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. COMBEST

Mr. COMBEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST: In section 303—

(1) Insert "(a) AUTHORIZATION OF APPROPRIATIONS.—" before "Section 307"; and

(2) add at the end thereof the following:

(b) TRANSFERS.—The second sentence of section 307(a) of the Intelligence Authorization Act for Fiscal Year 1996 is amended to read as follows: "Within the amount authorized to be used by this section, the Director, consistent with his duty to protect intelligence sources and methods, may transfer such amounts to the agencies within the National Foreign Intelligence Program for the purpose of automatic declassification of records over 25 years old.

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. COMBEST. Mr. Chairman, again this is basically a technical amendment. The section provides the Director of Central Intelligence the authority to transfer funds authorized for automatic declassification within the national foreign intelligence community to execute section 3.4 of Executive Order 12958. This provision would allow that money which is basically in one pool to be dispensed within the NFIP agencies, depending upon the need of that agency to comply with the declassification order of Executive Order 12958. It is my understanding that there are no objections to this amendment.

□ 1330

Mr. DICKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the amendment of the gentleman from Texas clarifies that the DCI may transfer the funds authorized by section 303 of the bill to the agencies within the National Foreign Intelligence Program for the automatic declassification of records over 25 years old.

The community management staff has pointed out that this transfer authority is necessary to move the money the bill provides in the community management account back to the various agency programs. I have no problem with this technical correction.

The gentleman's amendment also states that the DCI is to make these transfers consistent with his duty to protect sources and methods. This particular language is superfluous because the DCI is already required by current law to protect sources and methods in everything he does.

Because I am certain the gentleman does not mean to imply by the inclusion of this redundant language that the DCI has any intention of violating the requirements of current law in transferring money we authorize in this area, I am prepared to accept the amendment for this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. COMBEST

Mr. COMBEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST: At the end of the bill, add the following new title:

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. AUTHORIZATION OF FUNDING PROVIDED BY 1996 SUPPLEMENTAL APPROPRIATIONS ACT.

Amounts obligated or expended for intelligence or intelligence-related activities based on and otherwise in accordance with the appropriations provided by the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104–134), including any such obligations or expenditures occurring before the enactment of this Act, shall be deemed to have been specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) and are hereby ratified and confirmed.

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. COMBEST. Mr. Chairman, this is also a technical amendment that would correct an oversight in the Omnibus Consolidated Rescissions and Appropriations Act of 1996. The law requires specific authorization for expenditure of funds for intelligence. The act in question obligated funds for intelligence, but contains no provisions for authorization. This amendment would correct that oversight.

It is my understanding that the amendment is acceptable to the Committee on Appropriations, and I would yield back the balance of my time.

Mr. DICKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, section 504 of the National Security Act requires that funds may be obligated or expended for an intelligence or intelligence-related activity only if those funds were specifically authorized by the Congress for use for such activities.

The Combest amendment will provide the necessary authorization for funds appropriated earlier this year in the Bosnia supplemental. I support the amendment and we are prepared to accept it on our side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST].

The amendment was agreed to.

Mr. SKAGGS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, debate concluded a few minutes ago on the amendment offered by the gentleman from Michigan [Mr. CONYERS] about the question of declassification of the aggregate amount of intelligence expenditures. I wanted nonetheless to address that question briefly at this time.

The debate on this, I think, is easily misconstrued and, therefore, misunderstood. It seems to me always appropriate to start with first principles, which, in a democracy, ought to be that the maximum amount of information about the activities of our Government be made available to our citizens.

Now, there are necessarily exceptions to that principle for national security information, for State secrets, but the general principle again ought to be to make as much information about the operations of a democratically elected, representative government as possible available, so that citizens may make informed judgments in the process of self-government.

It has been alleged that somehow vital national security interests are going to be compromised if this aggregate intelligence expenditure is declassified. I think that is a proposition that is virtually impossible to support rationally. It is a figure that is often nearly accurately reported in the open press. It is a number that ought to be accurately and openly reported in the press so that our fellow citizens have at least an overall sense of how much of their hard-earned tax dollars is being devoted to this important national purpose.

The slippery slope argument is often offered up as a reason not to take this step, because this step, it is asserted, will inevitably lead to the disclosure of constituent amounts within the intelligence budget, I think that argument simply is unable to be sustained. We are able to keep ourselves from sliding down lots of slopes around this place, and I think we can draw a firm line after this particular disclosure, and it does not need to lead to others.

It has also been suggested that this should just be done as a matter of executive decision by the President. I think it is an important policy judgment that ought to be validated and ratified by a vote of the Congress, not just done by act of the executive branch alone.

Perhaps most helpful is to realize that an extensive review of this issue of the disclose of the aggregate intelligence expenditures was undertaken by the Aspin-Brown Commission. It has been scrubbed and vetted and examined, and it was the judgment of that distinguished group of American patriots and experts in defense and intelligence and national security matters, that keeping this total budget figure secret any longer just simply does not serve any legitimate national security or national defense purpose. And it certainly fails to serve the legitimate interests of the public in being able to have access to as much information about their Government as possible.

So I hope, when we reach the point in the proceedings where we have a vote on the amendment offered by the gentleman from Michigan [Mr. CONYERS], that my colleagues will support his proposal. I think it is an appropriate step forward. It will ultimately enhance public understanding and, therefore, I would hope public support, for this important function of our national Government.

Ms. PELOSI. Mr. Chairman, I rise to strike the last word.

Mr. Chairman, I rise in support of the Conyers amendment to make public the cumulative number of the intelligence budget.

This is not a new issue to the Congress, Mr. Chairman. Over the past several Congresses we have had this debate on the floor about whether this number should be released and whether its release would jeopardize our national security. I believe the answer is yes, that it should be released, and, no, it does not jeopardize our national security.

When the issue first arose we had the debate, and it was said that we needed more information. So our chairman at the time, Mr. Glickman, Chairman Glickman, held hearings, very extensive hearings, where experts in the field of intelligence confirmed that our national security would not be jeopardized and indeed it would be healthy to release the number.

As early as some of the statements as early as 1991 on the subject have said, former DCI Robert Gates said, "I don't have any problem with releasing the top-line number of the intelligence community budget."

That same year former Director of NSA, Bobby Inman, said, "I am certainly prepared to make unclassified the total amount and defend it to the public, why 10 percent of our total defense efforts spent both for national and tactical intelligence is not a bad goal at all."

And of course this year the White House statement on this subject said, reflecting the President's determination to promote openness in the intelligence community, he has authorized Congress to make public the total appropriation.

Going way back 20 years, the select committee that studied governmental operations with respect to intelligence activities stated intelligence oversight committee should authorize on an annual basis a national intelligence budget, the total amount of which should be made public.

So over the years and as recently as the statements of this year, most currently that of DCI John Deutch, the President is persuaded that disclosure of the annual amount appropriated for intelligence purposes will inform the public and not in itself harm intelligence activities.

I think that there is a good cross-section of studies and DCI's from both, appointed by Presidents of both parties, who have supported making this number public, and I think it is a healthy thing to do.

The defense, the intelligence, community should have to defend the amount of money that is spent on intelligence in relationship to the rest of the budget. It is especially important this year so that we can restore some of the confidence to this process that has been undermined by the recent NRO revelations, and on that point, Mr. Chairman, I would like to say that when people accept the public trust, they and we all have a special responsibility. We must be responsible fiscally for the funds that are in our trust, we must understand the stiff competition for the funds and, therefore, have to be able to justify how they are expended.

We need to maintain the public confidence in what we are doing, and so what happened at NRO is most unfortunate because it did undermine all of these, the public confidence and the trust that we all should have in husbanding the public dollars.

And most of all, the actions of any one of these agencies should not undermine the strength, the perceived strength, of our country. We have to look like we know what we are doing and can account for the responsibilities of both fiscal and otherwise in our charge, and so I would say that with all of the testimony that we have had over the years, with the cooperation now of the executive branch, with the definite need that has been demonstrated for in one instance by the NRO situation, it behooves this Congress to move to support the Conyers amendment to make this number public, to open the intelligence process to the extent of saying this is a number that can, that should have to, be defended within the total budget process and that it should be done in a manner that is not harmful to our intelligence activities nor jeopardize the national security of our country.

I am satisfied by the statements of such a wide-ranging, as I said, bipartisan group of people who have testified in hearings of the House of Representatives and on the Senate side over a long period of time, that there is no doubt that we should make this number public. I urge my colleagues to support the Conyers amendment.

Mrs. SCHROEDER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will be offering some amendments later on, but I wanted to rise in favor of the Conyers amendment also.

I have always believed that government is not a fungus, that it can thrive in sunshine, and I understand that during the whole period of the Cold War we wanted to keep this number secret. But I think now we ought to be able to get this number out, and I salute the President of the United States for saying we ought to put the number out, and I hope that this body finally does that.

Coming here to debate this issue, I always feel very silly because we cannot talk about the numbers, we cannot talk about the issues, we cannot talk about anything. So what can we talk about? It all sounds like a bag of smoke at some point. But I think one of the things that the average person wonders is why are we not much more rigorous in our oversight? And I must say the only reason I think we do not reveal the number is we do not want to admit how poorly we have done some of the oversight.

Now, this is not a great secret. I brought it from the newspapers so nobody wants to turn me in to jail. But if my colleagues remember, the Washington Post and many other articles were pointing out how the NRO had purchased 14 more acres than they needed for their $304 million complex, and of course most people remember the big brouhaha about the $304 million complex. Here it was being built in suburban Washington on the Virginia side, and no one knew. Viola.

□ 1345

Mr. Chairman, in the district I come from, Denver, CO, they have had to shut down Head Start already this year. They ran out of money. We have all these people desperately looking for just pennies to keep something running, and yet they can, first of all, do a headquarters that no one knew about, there it is, and then we find out they had all these extra acreages, and nothing ever happens. Then we also find out, as we found out this year, that they admitted they had a $3.8 billion slush fund.

I understand we are supposed to call it the surplus unspent funds, but I think if any other agency in Government had that kind of slush fund or surplus unspent funds, whatever you want to call them, people would be down here, the deficit hawks would be down here screaming and yelling and hollering, and rightly so.

I guess the problem I see, Mr. Chairman, is that on one side of the budget we are very critical, and I think that is fine, but when it comes to defense and intelligence, it does not make any difference. We have the report of the slush fund, and yet nobody really wants to talk about cutting. Yet, you cannot talk about what percentage of the budget that slush fund is because we cannot tell what the budget number is. But that is a lot of money.

If we look again in the generic press, and I am staying right in the generic press, my goodness, we would not want to reveal any of these secrets because they probably would have to shoot me and whoever else I would reveal them to, and I would not want that on my conscience.

So if we go and look at those numbers, let us look at these numbers and look at them seriously, they are saying in the generic press that these surplus unspent funds, they are adding about $1 billion to it every year. That seems to say to me maybe we are putting too much money in it. Are we awake? Are we doing any oversight, or are we just saying that this is so important that we will just give them any amount of money, whether they can spend it or not?

I am also sad that we cannot get into more details. I was very troubled by

the late article in the Atlantic Monthly about some of the training that had gone on in the Middle East, so that they think we may be responsible for training some of the terrorists, that it was done with good will, but it kind of got out of control.

So if we add all of those things together, we scratch our heads and say surely we can at least do what the gentleman from Michigan [Mr. CONYERS] and the President of the United States have said we could do, which is at least put the overall number out of here. Even though I will not be here next year, then maybe whoever is here next year can have a little bit better debate and put this in a little bit better context because we can talk about what percentages these are. I hope that the Conyers amendment is passed, Mr. Chairman.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to engage the chairman of the committee in a colloquy concerning section 304 of the bill. I would say to the gentleman from Texas, the chairman of the committee, as he knows, this provision extends the laws allowing the President to delay the imposition of a sanction upon a determination that to proceed with the sanction would risk a compromise of an ongoing criminal investigation or an intelligence source or method.

My question, Mr. Chairman, is whether the legislative history developed during the debate on this provision last year would still be applicable to the extension of the authority for 1 year? My further question is that can we expect that this provision will be narrowly construed, and only used in the most serious of circumstances, not to protect routine intelligence activities?

Mr. COMBEST. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Texas.

Mr. COMBEST. Mr. Chairman, I would certainly concur and say yes, we would intend for this to still be in effect. As the gentlewoman so adequately pointed out, and has been very effective, I think, in leading on this issue, we would certainly expect that this provision would be narrowly construed and only used in the most serious of circumstances. That is certainly the intent of the committee to carry forward in this year's authorization.

Ms. PELOSI. Mr. Chairman, I thank the chairman for engaging in the colloquy, and for his confirmation of the understanding that we had of the legislative background on this last year. As Members may recall, I worked closely with the gentleman from California [Mr. BERMAN] who is an expert in this field, and has an interest in the waiver of sanctions and the particular limitations that the chairman of the committee has confirmed. I thank the chairman of the committee once again for that confirmation.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to reiterate a couple of concerns I have about this bill. As I have stated, I am going to support it, but we need to remember that the money we are spending for intelligence today, in my mind, is a tremendous force multiplier for our military.

When we consider the fact that we can now literally fuse into the cockpits of our aircraft intelligence gathered in space to give the locations of enemy weapons systems in almost real time, so they can be properly targeted, I think all of a sudden we recognize the revolutionary improvements that are being made in our overall military capability.

To my friends on the Democratic side, I believe strongly that such capabilities will allow us in the future to deter military conflicts. I would urge my colleagues, to support the Conyers amendment, of which I am a sponsor.

I think we can disclose the aggregate number, but I want everyone to remember that this is still a part of the Defense Department. It is a portion of the defense budget that is used not only to gather intelligence for our national leadership, but also to be used effectively to protect the people that we are sending in harm's way every single day all around the world and to convince our adversaries that picking a fight with the United States just simply does not make sense.

I had a chance just a few weeks ago to go to our combined air operation in Vincenza and to see a real fusion center where intelligence from all of our collection platforms is gathered. This intelligence is used by our military to find problems in Bosnia that are then communicated to the military commanders, and thus they are able to avoid possible conflicts that could occur; because of the ability to find enemy radars and things of that nature.

This is truly a revolutionary change in intelligence capabilities, so as we sometimes get harsh with the NRO, I would say that John Deutch took effective steps. He named a new chief financial officer. He named a new head of the NRO, a very fine public servant. The two people that were removed are people who have given distinguished service to our country. Unfortunately, the financial people at the NRO did not do their job properly, and Congress was not properly informed about the size of these carryforward funds.

Mr. Chairman, I want to reiterate, there is no evidence that any of that money was spent on items not authorized by Congress. One of my colleagues talked today about the very famous NRO building. Our committee, a bipartisan basis, put out a report that said that we knew about this building. In fact, we had good oversight over the building. We pointed out that in the other body there were amendments offered by members of the Intelligence Committee to accelerate and possibly to expand the size of the NRO building.

So when they then turned around at a later date and said they knew nothing about it, many of us in this body had serious reservations about how they in fact could say that. Sometimes in a rush we do not keep the facts in sight, and we sometimes do not know the history.

The point I am trying to make, Mr. Chairman, is that the NRO has been one of the stellar institutions in our Government. One of the reasons we won the cold war was because we had the finest intelligence. We have the finest intelligence community of any nation on earth. Those intelligence community assets are used to enhance our military capability in order to protect American lives and to deter future wars. That is why I have always strongly supported our intelligence community.

Can we reduce the money? Yes. Have we reduced the money? Yes. We have reduced it significantly.

The CHAIRMAN. The time of the gentleman from Washington [Mr. DICKS] has expired.

(By unanimous consent, Mr. DICKS was allowed to proceed for 3 additional minutes.)

Mr. DICKS. Mr. Chairman, have we reduced the money for defense? Yes. We have cut the Defense budget by about $100 billion a year between 1985 and 1995. We have also cut back on the amount of money for the intelligence agencies. We have cut back on the number of personnel. I am talking about across the board cuts in the Defense Department, the CIA, and all of these agencies, we have reduced the size. Yet, today, America is in more countries around the world with military forces that require accurate intelligence for their security and support.

Mr. Chairman, I just urge my colleagues to remember that fact. Yes, we can always beat up on an agency, but I am always reminded of the fact that this agency is composed of American citizens who serve our Government faithfully, who have done an extraordinary job. I just urge us to put this into some perspective. If they had failed in building these national technical means, then we would be here criticizing them. They certainly failed to keep Congress appropriately informed of the size of the carryover funds. There is no evidence whatsoever that any of that money was improperly spent.

So let us try to keep this in perspective. Sometimes, with all the criticism, the harsh rhetoric, we forget that these are men and women who have done a

fantastic job for this Nation, and who really do deserve our support.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentlewoman from Colorado, an outstanding member of the Committee on Armed Services.

Mrs. SCHROEDER. The gentleman is a good friend and I respect him very much, Mr. Chairman.

My question, Mr. Chairman, is not to be confrontational, but the gentleman is not questioning the fact that almost $1 billion a year had gone into this $3.8 billion surplus fund, is that correct?

Mr. DICKS. Mr. Chairman, the gentlewoman was not on the floor, I think, when we talked about this a little earlier. As she knows, when we buy a weapons system at the Pentagon, sometimes there are billions of dollars of unobligated funds that are spend over a period of time. In the intelligence area, we incrementally fund. It was the opinion of George Mahon and some of the senior members of the Committee on Appropriations many years ago that we could not risk a situation where Congress has not passed its budget by the start of the fiscal year. They believed it was necessary to have a certain amount of flexibility in carryforward funds to keep these programs going, if the Congress did not get the Defense budget passed. There was a kind of agreement among the players to do this.

What I object to, and I know the gentlewoman from Colorado objects to, is that this account, and each one of these were for different national technical means, different satellite programs, is that these accounts grew too large in the aggregate. None of the money was misspent. I think the fault was that Congress was not kept appropriately advised about the magnitude.

I can tell the Members, I am very pleased that it was the staff of the Permanent Select Committee on Intelligence, and particularly the minority staff, that went to the NRO, found this out, made it known to the other key committees in the Congress, and last year we dramatically reduced the amount of money in those accounts. We used it for Bosnia, we use it for other defense priorities, so that the money was not wasted. The American people did not get ripped off.

The CHAIRMAN. The time of the gentleman from Washington [Mr. DICKS] has expired.

(By unanimous consent and on request of Mrs. SCHROEDER, Mr. DICKS was allowed to proceed for 2 additional minutes.)

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, the issue is that the money was not spent, and then it forced us to spend a tremendous amount of money just on interest on that additional debt we incurred by spending more than we really needed to spend at that time, when we build up an account of that much over that period of time. And the gentleman knows and I know that the fastest growing part of the Federal budget has been interest on the debt. We would not allow any other agency to do that.

Mr. DICKS. Mr. Chairman, of course, as the gentlewoman certainly knows and appreciates, this is budget authority. You do not really spend money until you spend it. That is an outlay. So they had the budget authority, but they never spent the money. So that would not incur any obligation by the Federal Treasury.

In a sense, they had the ability to draw on the Treasury up to $4 billion, but they did not do it. What we did with that BA is move it to other higher priority items like Bosnia, so we did not have to appropriate additional money, and again that was agreed to.

□ 1400

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I think the gentleman knows that everybody in the world would love to have that kind of budget authority in the bank that they could move around for things, and we lose the oversight capacity.

Mr. DICKS. Mr. Chairman, reclaiming my time, the chairman and myself have limited the amount of the carryforward. The director of the CIA, one of the most competent individuals I know, has made changes in the NRO, has named a new chief financial officer. So in a sense, I think we ought to give Mr. Deutch and the administration some support for the steps that they have taken to ensure that this does not happen again in the future.

Yes, the NRO made a mistake. Yes, they were wrong. But I want us to place in perspective that these same people who did a bad job in their accounting also have done some tremendously positive things for the country in terms of the satellites that have been built over the years that helped us avoid a confrontation with the Soviet Union.

The CHAIRMAN. The time of the gentleman from Washington [Mr. DICKS] has expired.

(By unanimous consent, Mr. DICKS was allowed to proceed for 1 additional minute.)

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I am glad to hear the gentleman say we should give support to the administration. We can do that in part by abiding by their budget request and not spending well over $1 billion in this budget than the administration requested. We will deal with that in some later amendments.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to the rule, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: the amendment, as amended, offered by the gentleman from New Mexico [Mr. RICHARDSON]; the amendment offered by the gentleman from Vermont [Mr. SANDERS]; and the amendment offered by the gentleman from Michigan [Mr. CONYERS].

The Chair will reduce to 5 minutes the time for any electronic vote after the second vote in this series.

AMENDMENT OFFERED BY MR. RICHARDSON, AS AMENDED

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment, as amended, offered by the gentleman from New Mexico [Mr. RICHARDSON] on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will designate the amendment, as amended.

The Clerk designated the amendment, as amended.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 417, noes 6, not voting 10, as follows:

[Roll No. 184]

AYES—417

Abercrombie	Brown (FL)	Crapo
Ackerman	Brown (OH)	Cremeans
Allard	Brownback	Cubin
Andrews	Bryant (TN)	Cummings
Archer	Bryant (TX)	Cunningham
Armey	Bunn	Danner
Bachus	Bunning	Davis
Baesler	Burr	de la Garza
Baker (CA)	Burton	Deal
Baker (LA)	Buyer	DeFazio
Baldacci	Callahan	DeLauro
Ballenger	Calvert	DeLay
Barcia	Camp	Dellums
Barr	Canady	Deutsch
Barrett (NE)	Cardin	Diaz-Balart
Barrett (WI)	Castle	Dickey
Bartlett	Chabot	Dicks
Bass	Chambliss	Dingell
Bateman	Chapman	Dixon
Becerra	Christensen	Doggett
Beilenson	Chrysler	Dooley
Bentsen	Clay	Doolittle
Bereuter	Clayton	Dornan
Berman	Clement	Doyle
Bevill	Clinger	Dreier
Bilbray	Clyburn	Duncan
Bilirakis	Coble	Dunn
Bishop	Coleman	Durbin
Blute	Collins (GA)	Edwards
Boehlert	Collins (IL)	Ehlers
Boehner	Collins (MI)	Ehrlich
Bonilla	Combest	Emerson
Bonior	Condit	Engel
Bono	Conyers	English
Borski	Cooley	Ensign
Boucher	Cox	Eshoo
Brewster	Coyne	Evans
Browder	Cramer	Everett
Brown (CA)	Crane	Ewing

Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flanagan
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDade
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sawyer
Saxton
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—6

Campbell
Coburn
Istook
Sanford
Shadegg
Souder

NOT VOTING—10

Barton
Bliley
Chenoweth
Costello
Flake
Funderburk
Hefley
Moakley
Molinari
Scarborough

□ 1421

Messrs. PETERSON of Minnesota, ZELIFF, EVERETT, WILSON, and STOCKMAN changed their vote from "no" to "aye."

So the amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mrs. CHENOWETH. Mr. Speaker, on Thursday, May 16 and Wednesday May 22, I was unavoidably detained and missed rollcall votes 176 and 184.

Had I been here, I would have voted "no" on rollcall 176, and "yes" on rollcall 184.

AMENDMENT OFFERED BY MR. SANDERS

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Vermont [Mr. SANDERS] on which further proceedings were postponed, and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 115, noes 311, not voting 7, as follows:

[Roll No. 185]

AYES—115

Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Bonior
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Camp
Campbell
Clay
Clayton
Coble
Collins (IL)
Collins (MI)
Condit
Conyers
Coyne
Danner
DeFazio
DeLauro
Dellums
Duncan
Durbin
Ehlers
Ensign
Evans
Farr
Fattah
Filner
Foglietta
Foley
Fox
Frank (MA)
Furse
Gordon
Green (TX)
Gutierrez
Hilliard
Hinchey
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnston
Kanjorski
Kennedy (MA)
Kleczka
Klug
LaHood
Lewis (GA)
Lincoln
Lofgren
Luther
Maloney
Manzullo
Markey
McCarthy
McDermott
McKinney
Meehan
Meek
Metcalf
Millender-McDonald
Miller (CA)
Minge
Mink
Morella
Nadler
Neal
Neumann
Oberstar
Obey
Olver
Owens
Pastor
Payne (NJ)
Peterson (MN)
Petri
Pickett
Poshard
Ramstad
Rangel
Reed
Roemer
Rohrabacher
Rose
Roth
Roybal-Allard
Royce
Rush
Sanders
Schroeder
Schumer
Sensenbrenner
Serrano
Shays
Slaughter
Stark
Studds
Stupak
Torricelli
Towns
Upton
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Williams
Woolsey
Yates

NOES—311

Abercrombie
Ackerman
Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Clyburn
Coburn
Coleman
Collins (GA)
Combest
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Davis
de la Garza
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Dunn
Edwards
Ehrlich
Emerson
Engel
English
Eshoo
Everett
Ewing
Fawell
Fazio
Fields (LA)
Fields (TX)
Flanagan
Forbes
Ford
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones
Kaptur
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Klink
Knollenberg
Kolbe
LaFalce
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lowey
Lucas
Manton
Martinez
Martini
Mascara
Matsui
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McKeon
McNulty
Menendez
Meyers
Mica
Miller (FL)
Mollohan
Montgomery
Moorhead
Moran
Murtha
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Paxon
Payne (VA)
Pelosi
Peterson (FL)
Pombo
Pomeroy
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Rahall
Regula
Richardson
Riggs
Rivers
Roberts
Rogers
Ros-Lehtinen
Roukema
Sabo
Salmon
Sanford
Sawyer
Saxton
Schaefer
Schiff
Scott

Seastrand
Shadegg
Shaw
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stokes
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Traficant
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—7

Bliley
Costello
Flake
Funderburk
Moakley
Molinari
Scarborough

□ 1439

The Clerk announced the following pair:

On this vote:

Mr. Moakley for, with Mr. Scarborough against.

Mrs. CUBIN changed her vote from "aye" to "no."

Mr. FOX of Pennsylvania and Mr. JOHNSON of South Dakota changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. CONYERS

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Michigan [Mr. CONYERS] on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 176, noes 248, not voting 9, as follows:

[Roll No. 186]

AYES—176

Abercrombie
Ackerman
Andrews
Baldacci
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bunn
Chabot
Chapman
Clay
Clayton
Clement
Collins (IL)
Collins (MI)
Conyers
Coyne
Cummings
Danner
de la Garza
DeFazio
DeLauro
Dellums
Dicks
Dixon
Doggett
Duncan
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Foglietta
Ford
Fox
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Goodlatte
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hamilton
Harman
Hefner
Hilliard
Hinchey
Holden
Horn
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (SD)
Johnson, E.B.
Johnston
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
Klug
LaFalce
Lantos
Leach
Levin
Lewis (GA)
Lincoln
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Moran
Morella
Nadler
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (MN)
Petri
Pickett
Pomeroy
Poshard
Rangel
Reed
Richardson
Riggs
Rivers
Roemer
Rohrabacher
Rose
Roth
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
Shays
Skaggs
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Velazquez
Vento
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Woolsey
Wynn
Yates
Zimmer

NOES—248

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bishop
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Brownback
Bryant (TN)
Bryant (TX)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dingell
Dooley
Doolittle
Dornan
Doyle
Dreier
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gonzalez
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Jefferson
Johnson (CT)
Johnson, Sam
Jones
Kaptur
Kasich
Kelly
Kim
King
Kingston
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martinez
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
McNulty
Meyers
Mica
Miller (FL)
Mollohan
Montgomery
Moorhead
Murtha
Myers
Myrick
Neumann
Ney
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Parker
Paxon
Peterson (FL)
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Rahall
Ramstad
Regula
Roberts
Rogers
Ros-Lehtinen
Roukema
Royce
Salmon
Sanford
Saxton
Schaefer
Schiff
Seastrand
Shadegg
Shaw
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Visclosky
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wise
Wolf
Young (AK)
Young (FL)
Zeliff

NOT VOTING—9

Bliley
Costello
Flake
Funderburk
Gilman
Molinari
Nethercutt
Radanovich
Scarborough

□ 1448

Mrs. ROUKEMA changed her vote from "aye" to "no."

Mr. FOX of Pennsylvania changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. FUNDERBURK. Mr. Speaker, on May 22 I was unavoidably absent and missed several amendment votes on H.R. 3259, the FY 1997 Intelligence Authorization Act. Had I been present, I would have voted: "aye" on rollcall 184, the Richardson amendment; "no" on rollcall 185, the Sanders amendment; and "no" on rollcall 186, the Conyers amendment.

AMENDMENT OFFERED BY MR. FRANK OF MASSACHUSETTS

Mr. FRANK of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRANK of Massachusetts: At the end of title I, insert the following:

SEC. 105. REDUCTION IN AUTHORIZATIONS.

(a) IN GENERAL.—Except as provided in subsection (b), the aggregate amount authorized to be appropriated by this Act, including the amounts specified in the classified Schedule of Authorizations referred to in section 102, is reduced by 4.9 percent.

(b) EXCEPTION.—Subsection (a) does not apply to amounts authorized to be appropriated by section 201 for the Central Intelligence Agency Retirement and Disability Fund.

(c) TRANSFER AND REPROGRAMMING AUTHORITY.—(1) The President, in consultation with the Director of Central Intelligence and the Secretary of Defense, may apply the reduction required by subsection (a) by transferring amounts among the accounts or reprogramming amounts within an account, as specified in the classified Schedule of Authorizations referred to in section 102, so long as the aggregate reduction in the amount authorized to be appropriated by this Act, equals 4.9 percent.

(2) Before carrying out paragraph (1), the President shall submit a notification to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate, which notification shall include the reasons for each proposed transfer or reprogramming.

Mr. FRANK of Massachusetts (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK of Massachusetts. Mr. Chairman, this amendment would essentially hold this year's authorization at the current spending level. It is a 4.9 percent reduction from the authorized figure, with an exception made for the retirement disability fund. That fund is held at the authorized level of the bill which is what is necessary. So it has no negative effect there.

This amendment, if adopted, would give to the executive branch officials the ability to reprogram within the totals. So they need not apply the restriction across the board.

It is a 4.9-percent cut. Because of the vote just taken, I may not say in public what it is 4.9 percent of, because then the Iranians would have valuable information and endanger our security. But I can say that it is a cut of well over a billion dollars. The key question is, will we, as we move to a zero deficit and severely reduce the amount of money available for discretionary programs, not only exempt from any reduction national security but continue to give them rates of increase well above the rate of inflation?

This is a proposal before us, an authorizing bill, that raises the money from the current spending by nearly 5 percent. As we continue that pattern, Members must understand that inevitably means that environmental cleanup and health care of a discretionary sort and education and public safety and transportation get hurt.

We read recently of the difficulty of the Committee on Appropriations in the allocations. They wanted to give more for the veterans and more for health care and more for job training and education. They had to do that at the expense of infrastructure and environmental cleanup and energy and water. This is the reason we face such terrible choices. As you increase the national security budget, you inevitably require greater decreases everywhere else.

Members have said, well, it is still a dangerous world even after the collapse of the Soviet Union. Yes, it is. But let us reject now the argument that says it is a more dangerous place. We have heard Members say that it is a more dangerous place now that the Soviet Union has collapsed. This House floor may be the only place where we have nostalgia for the good old safe days of a heavily armed Soviet Union because apparently people felt more secure then.

Members say, well, we no longer have the Soviet Union but we have North Korea, we have Iraq, we have Cuba, those threats, and they are threats that grew only since 1990. What we had 8 and 9 years ago was all of the threats, the Soviet Union and all of those other nations. Now we have a substantially diminished Russian threat and those other nations. This amendment does not even call for a reduction, although I voted for the previous amendment that would have.

What we have here is an effort to give more and more money to national security, inevitably at the expense and intelligence of every other program. I would argue, if you look at the collapse of the Soviet Union, outside threats have diminished some. This does not even call for a reduction. It calls for level funding.

Let us again remember that this is the agency which accumulated a $4 billion surplus in funds. This is the agency that was given more money than it needed by its own admission because it took $4 billion and did not spend it. That is undeniably an acknowledgment that they got more money than they needed. How do we deal with this agency which got more money than it needed and squirreled $4 billion away? We give them one of the largest increases any Federal agency would get, a 5-percent increase in the authorization, 4 percent more than the President asked to give. This is an increase of more than a billion dollars over what the President wanted to give them.

At a time when I believe environmental threats and public safety threats and incomplete education, those are much graver problems, we have to choose. You cannot reach a zero deficit within the time frame we have chosen, increase, reward the national intelligence agencies for their $4 billion squirreling away by giving them a big increase and still have the funds to do other things. I urge adoption of this amendment.

Mr. COMBEST. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Those who follow the floor debate on intelligence from year to year are aware, in general terms, that the intelligence budget has been on a steady decline, that capabilities are being shut down, and that managing intelligence nowadays means making Russian roulette decisions on which cuts are least likely to endanger lives.

Being on the committee has allowed me to see the specifics behind these generalized facts. More importantly, it has allowed me to delve in person into the intelligence processes and products and see with my own eyes their strengths and weaknesses. Some of those weaknesses can be sifted out of the mass of largely ludicrous public attacks which intelligence is sometimes subject. The strengths, though, tend to be largely unknown in the country at large and unheralded in the press. Without being too specific, let me mention a few I have personally run across.

Example one: Cooperative clandestine activities undertaken by the CIA and other U.S. Government agencies resulted this last year in the detection and foiling of planned attacks on U.S. public and private citizens. Lives were saved.

Example two: The CIA worked with cooperative foreign governments to, effectively speaking, shut down a terrorist organization that has had a long history of successful attacks on U.S. citizens.

Example three: Young intelligence community scientists constructed state-of-the-art computer hardware and custom software capabilities that are allowing the Intelligence Community to do what outside experts—and our country's enemies—believe to be impossible. I should point out that these same scientists work in this specific intelligence agency at a salary a fourth or fifth of what they have been offered in the private sector—they refuse to leave the work they consider so personally satisfying and important to national security.

Example four: Intelligence Community scientists and clandestine operators cooperated to detect, penetrate, and neutralize the activities of a pariah regime to develop weapons of mass destruction.

Example five: The Intelligence Community, working closely with law enforcement agencies and foreign governments, provided the essential intelligence that led to the crippling of international narcotics trafficking organizations.

Mr. Chairman, I am in strong opposition to this proposed cut. The committee recognizes the fact that each year from year to year that there is a very small amount of the actual intelligence budget in its operations programs that have become familiar to Members of Congress, much less to the American people. We take this responsibility very seriously.

There are a number of areas within the intelligence budget that have been substantially reduced this year. We have tried to make priorities in some areas that we feel are extremely important to move this Nation in the future of its role for intelligence. This is not something that can be done year by year. This is something that needs to be done on a long-term basis to make for certain that the future provides the continual need for intelligence capabilities that this country has for so many years done very, very well. We are diligent in terms of our oversight.

We are serious about the fact that we want to make for certain that each of these dollars is expended wisely.

These are dollars, however, that we feel that we can justify to our fellow colleagues and to the American people that are critical and crucial for the American intelligence capabilities which are at the heart of our national security and national defense.

□ 1500

I think the committee has done a good job of coming up with a proposed budget in the authorization bill that we have this year. I would strongly support the committee's position on that bill, and I would again reiterate my opposition to the proposed cut amendment.

Mr. ROEMER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Massachusetts [Mr. FRANK].

Mr. Chairman, in 7½ hours of going door to door on Saturday in my State of Indiana I heard over and over again from one door to another as I listened to Hoosiers tell me what they want to see done in Washington, DC, people said to me we want to see more openness and honesty out of our elected officials, and we want to see some courage, and we want to see some discipline on their part to cast the tough votes, to cut spending first in Washington, DC, not to raise our taxes, but to cut spending first in Washington, DC.

Now, if I was a challenger and I had just watched the last few minutes of debate here in this esteemed institution, both the votes that Members of this body have just cast over the last few minutes fly in the face of what the American people want. Is it so much to ask and then tell the American people the overall cumulative budget of the Central Intelligence Agency? They do some wonderful work for us as taxpayers. Should not the American people know what that overall budget number is? That does not sacrifice any security on the part of the American people to get that one figure, that little bit of knowledge.

But this body does not agree with that, so that openness and that honesty does not come forward.

Second, some discipline and some courage around here. Now, the last vote would have cut some of the CIA's budget, and in ideal times, since they do such extraordinarily important work for us, I wish we could give them more money, but we cannot. We are trying to make some tough decisions in this place to work toward balancing the budget. So instead of even cutting, which this body just rejected, this amendment, which I rise in strong support of, simply says this:

"Let's keep it at last year's level. If we can't cut into the intelligence budget, let's keep it at least last year's level, let's make sure that we sacrifice together and that we're fair in terms of our budgeting."

So I rise in strong support of the gentleman's amendment. If my colleagues are deficit hawks and they want a balanced budget, this is a good vote. If they want fairness and they do not want to decimate Medicare for senior citizens, they do not want to slash education and Head Start for children, they want to make sure we have an adequate defense, then there have to be some votes around here at least to maintain last year's funding level, and that is what the Frank amendment does.

This is a fair and honest and disciplined approach, and I would strongly encourage the colleagues in this body to address not just the deficit of the budget, but the deficit of will and courage around here to cut some budgets other than education and Medicare. So I urge this body to support this amendment.

Mr. WATT of North Carolina. Mr. Chairman, I move to strike the last word.

Mr. Chairman, my colleagues, I am not a member of the committee of jurisdiction for this bill, and I do not come to the floor often to talk about matters involving international security. Most of my time is consumed with domestic issues and legal issues and banking issues because I serve on those committees. I do not come to the floor this time to talk about the technicalities of the CIA's budget. I have not been upstairs, into the secret room, to review the details of that budget.

Mr. Chairman, I come to talk about ordinary common sense, which is what budgeting is about. I come to talk about the setting of priorities, which is what budgeting is about. And I cannot believe that at a time when we are talking about cutting every single program that affects the domestic security of our Nation that, given choices that we must make, we could be talking about raising and increasing the level of funding for the CIA's budget by 5 percent.

At a time when we are talking about balancing the Federal budget and doing much of it on the backs of the American people who are most vulnerable, I cannot believe that we are talking about increasing the budget for the Central Intelligence Agency by 5 percent.

So this is about common sense and priority-setting.

There are children who are starving in this country. There are children who are under-educated in this country. There are children who do not know where their next meal is coming from and do not qualify for the school lunch program because we do not have enough funds to make that possible. There are elderly people who need health care. There are Head Start programs that need to be funded. And when we make the choice to devote more of our resources to funding the Central Intelligence Agency, we do so at the expense of every single one of those programs.

So, Mr. Chairman, I want to appeal to my colleagues in the wake of these past three votes that have gone down that deprive the American people of even basic knowledge about what we are even spending on the CIA's activities, something that I personally think is sinister and unacceptable, to at least bring a level of reasonableness to this debate and to this vote in terms of the priorities we are setting for our country.

I cannot believe that we do not have higher priorities for whatever amount of money it is we are debating here; I am told it is over a billion dollars that is at play in this amendment alone. And given a choice between spying on somebody, even if it is for worthy objectives, and I have no problem with that, or feeding our children and educating our children and providing for the health care and security of our people right here in our own country, I beg and plead with my colleagues to make the priority our children and our domestic programs.

Mrs. SCHROEDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the gentleman from Massachusetts' amendment, and if this does not pass, then I am going to offer an amendment that says at least freeze the NRO budget at the 1996 fiscal year number.

What the gentleman from Massachusetts [Mr. FRANK] is saying is let us freeze the entire agency's budget except for retirement and personnel and those things, but let us do the spending part of that budget on projects. Let us freeze it at the fiscal year 1996 level. Wow, what a radical concept. We are still in fiscal year 1996.

Now I want to ask my colleagues, do they really think the world is so much scarier we got to add a whole lot more money for next year? Now we cannot say how much, we cannot say what the overall numbers are because the last amendment failed, and of course we are trying to keep this all secret. I find this very, very frustrating.

As all my colleagues know, every day we pick up the paper and Great Britain is dealing with mad cow disease. Here today on this floor we are dealing with sacred cow disease. Spending when we come to the Defense Department or when we come to the intelligence agency, oh my goodness, this is a total sacred cow, we are going to keep it classified, we cannot say anything, and we are going to keep increasing it; have a nice day.

This is for an agency that just 2 weeks ago admitted that what we thought was a billion-dollar slush fund

was really more like a $4 billion slush fund. We have been giving them more money than they were able to spend any way. So why can we not at least freeze it at the 1996 level? I think this makes a tremendous amount of sense. Do we really think 1997 is going to be so much scarier than 1996 we got to increase the spending? I would hope not, and that is what we are talking about.

If we are ever going to be serious about deficit reduction, we have got to challenge our sacred cows as well as everything else. There cannot be anything that we hold back, and this is an area where, trust me, I have seen the numbers, we got mega bucks and giga bucks buried in this, and we are dealing with an agency that has not gotten exactly an A-plus for candor with the Congress or for disclosure or for management of the funds.

Look, I think the new Director, John Deutch, is a class A person. I think the CIA has many class A people. I think we need some intelligence, of course. I think the spy satellites in the sky are very important, yes. But I do not think things are so unstable that we need to increase this budget this year when we have got so many other demands.

Let me tell you about my city of Denver. Last week we had to shut down Head Start. We had to shut down Head Start and send every little kid home in the first week in May because they ran out of money.

Now, I think the education of 3-, 4- and 5-year-olds is every bit as important to our national security as increasing the amount of money we spend on the CIA. And I think that my colleagues will find Denver, CO, is not that different than other places. All sorts of places have had to make terrible choices because their budgets have been frozen or cut or crunched, and what they had to decide in Colorado was were they going to throw some of the little kids out that were eligible or were they just going to run the program until they let all the kids who were eligible come, and then when it was over send them home, that is it, and shut the door. That is what they decided to do.

I do not know what the good decision is. If there are a whole lot of children that are income-eligible and we have to pick and choose between them and they are all American citizens, that is a rotten choice, that is a rotten choice because those are our future and those are our children.

I think the gentleman from Massachusetts' amendment makes all the sense in the world, and anybody who does not vote for it, I do not know how they can call themselves a deficit hawk, I do not know how we will ever get the budget in order if we allow sacred cows to keep grazing in the budget year after year, hidden behind a screen, not being able to be exposed out in front, and I really think just holding this at last year's level, this freeze level, makes all the sense in the world.

Mr. Chairman, I only wish I thought of it. So I hope all of my colleagues vote for the gentleman's amendment.

□ 1515

The CHAIRMAN. The Committee will rise informally.

The SPEAKER pro tempore (Mr. GOSS) assumed the chair.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Edwin Thomas, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The Committee resumed its sitting.

Ms. FURSE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment of the gentleman from Massachusetts [Mr. FRANK]. I think that the U.S. public wants us to cut where we can and spend wisely. It is their money. It is taxpayer money, and they want us to spend it wisely.

Mr. Chairman, I would like to talk about four security budgets that are being cut at the same time we are increasing the CIA budget. These four security budgets, I would suggest, are the budgets for law enforcement, local law enforcement; budgets for protection for children; for protection of seniors; and I would like to speak a little bit about the Coast Guard, because in my district, the security threat is on our streets. It is on the sea, where our fishermen go through dangerous waters. It is for our children, who are in dangerous homes or in schools that are dangerous. Then I also think our threat is for our seniors' health care.

Mr. Chairman, our law enforcement officers in the district I represent would be ecstatic, in fact they would be unbelieving, if somebody said we are going to increase your budget by about 4 percent. Their budgets are being cut. Yet, we have a problem of security on our streets.

In the State of Oregon, we are extremely concerned, because last year 38 children died in Oregon because of neglect or abuse. One of the reasons, it is my belief, that those children died, is that there was not a place for them to go from dangerous homes. There were not enough social workers to follow their care. Why not? Because we keep cutting those kinds of budgets. We should be protecting our children. Our children are the most important thing for us to protect.

Mr. Chairman, then our seniors. I want to talk a little bit about their health care. It is vital that the health care of seniors be protected, yet we see cuts being proposed, large cuts in Medicare, because we do not have enough money.

I represent a district that has a coastal area. It has the most dangerous place where the river comes out into the ocean. That bar is perhaps the most dangerous in the world. We have a wonderful Coast Guard station. Every day the Coast Guard protects our security, the security of fishing women and men who cross that bar. They also do tremendous work in drug interdiction. But guess what? Their budget has been cut. That budget is a real security budget. It is a budget that real men and women need.

Mr. Chairman, we have heard that the CIA budget has actually decreased, but in fact if we look at the figures since 1980, true, there has been a decrease since 1989, but if we look from 1980 to 1996, we see an overall increase of 80 percent. Imagine, just imagine, an 80-percent increase in education, health care, law enforcement.

I think it is our absolute duty here to spend the public's money wisely. The most wise and commonsense way to spend it is to look at every budget and figure out, are we giving them enough? Could we cut something? But to increase this budget 3.9 percent this year does not make common sense. The American people want common sense. They want us to spend their money wisely. Let us hold it at last year's rate, and let us have a commonsense approach to security.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will just point out to my colleagues that I am as sympathetic as they are to the fact that we have reduced some of the most important domestic programs in this country. In fact, I supported both the Blue Dog budget and the Clinton budget, which I think in overall budgetary terms were more balanced than the alternative which was adopted by the House.

But I have to remind my good friends and colleagues who have suggested that we can just take this money from defense and intelligence and move it over to the domestic side; that, unfortunately, is not the way the budget works here. If we make the reductions in intelligence, the money is going to go over and be spent on defense, because it is all within the same budgetary item.

Mr. Chairman, we have heard a lot today about the NRO. This committee has dealt effectively and supported John Deutch in his efforts to get control over the NRO. We have significantly reduced the carryforward funds and used it for other crucial defense priorities.

Having said that, we are in the midst of a very important modernization of

our signals and imagery collection systems. What we are trying to do is to modernize so we will have fewer but more capable systems and that they will ultimately save money, because we are able to shut down equipment and facilities that will save us money over the longer term and still give us a very capable system.

Again, I want to remind my colleagues, everybody gets up here today and talks about the CIA. The CIA is just a small fraction of the overall intelligence budget. I voted with my colleagues to make that number known, the aggregate number known. The vast preponderance of funds that we have in the intelligence budget are used to assist the men and women who are serving us today very effectively in the military all over the world. It is the ability to give them rapid intelligence so they can go in and find a relocatable Scud launcher and destroy it that will save American lives in the future.

In the gulf war we were vulnerable to that situation because we could not find those relocatable Scud launchers. Now we have improved intelligence capabilities that will allow us to do that and to target them rapidly and to protect and save American lives.

Mr. Chairman, I would urge my colleagues today to oppose the amendment offered by the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I am glad to yield to my colleague, the gentleman from Massachusetts [Mr. FRANK], for whom I have enormous respect.

Mr. FRANK of Massachusetts. Mr. Chairman, I would just point out to the gentleman, when he says if we make this cut it goes not to domestic but to defense programs, that is so because the House voted it that way. There is nothing in the law or Constitution that would require that. We would have the option.

The chairman of the Committee on Appropriations on the House side has just gone through the difficult process of doing the allocations of funds among subcommittees. If we were to reduce that by $1.5 billion plus, he could then take that out of the national security allocation and give it to others. Indeed, interestingly, $1.5 billion is a figure that, as I understand it, the chairman of the Senate Appropriations Committee has said he needs to distribute to other domestic programs to prevent real carnage, so this one amendment would ease that.

It is true if we reduce this authorization and made no other change, they would gobble it up; but we have, by the same vote that we reduce this authorization, the ability to reduce overall appropriations and allow the reallocation. It is entirely within our decision.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. FRANK].

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

RECORDED VOTE

Mr. COMBEST. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 192, noes 235, not voting 6, as follows:

[Roll No. 187]

AYES—192

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Camp
Campbell
Clay
Clayton
Clyburn
Coble
Coburn
Collins (IL)
Collins (MI)
Condit
Conyers
Cooley
Costello
Coyne
Cramer
Danner
de la Garza
DeFazio
DeLauro
Dellums
Dingell
Doggett
Dooley
Doyle
Duncan
Durbin
Ehlers
Engel
Ensign
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Foley
Ford
Fox
Frank (MA)
Frelinghuysen
Furse
Gejdenson
Gephardt
Gibbons
Goodlatte
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hefner
Hilliard
Hinchey
Hoekstra
Hoke
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (SD)
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
Klug
LaFalce
LaHood
Lantos
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Manzullo
Markey
Martini
Mascara
McCarthy
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Miller (CA)
Minge
Mink
Moakley
Montgomery
Moran
Morella
Nadler
Neal
Neumann
Oberstar
Obey
Olver
Orton
Owens
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (MN)
Petri
Pickett
Pomeroy
Porter
Poshard
Ramstad
Rangel
Reed
Rivers
Roemer
Rohrabacher
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Sanders
Sanford
Sawyer
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
Shays
Skaggs
Slaughter
Smith (MI)
Spratt
Stark
Stenholm
Stockman
Studds
Stupak
Tanner
Taylor (MS)
Thompson
Thornton
Torres
Towns
Upton
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Weller
Whitfield
Williams
Woolsey
Yates
Zimmer

NOES—235

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bevill
Bilbray
Bilirakis
Bishop
Blute
Boehlert
Boehner
Bonilla
Bono
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coleman
Collins (GA)
Combest
Cox
Crane
Crapo
Cremeans
Cummings
Cunningham
Davis
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doolittle
Dornan
Dreier
Dunn
Edwards
Ehrlich
Emerson
English
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frisa
Frost
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gonzalez
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Jefferson
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Knollenberg
Kolbe
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Martinez
Matsui
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McKeon
Meyers
Mica
Millender-McDonald
Miller (FL)
Mollohan
Moorhead
Murtha
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Ortiz
Oxley
Packard
Pallone
Parker
Paxon
Peterson (FL)
Pombo
Portman
Pryce
Quillen
Quinn
Radanovich
Rahall
Regula
Richardson
Riggs
Roberts
Rogers
Ros-Lehtinen
Salmon
Saxton
Schaefer
Schiff
Seastrand
Shadegg
Shaw
Shuster
Sisisky
Skeen
Skelton
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stokes
Stump
Talent
Tate
Tauzin
Taylor (NC)
Tejeda
Thomas
Thornberry
Thurman
Tiahrt
Torkildsen
Traficant
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
White
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)
Zeliff

NOT VOTING—6

Bliley
Cubin
Istook
Molinari
Scarborough
Torricelli

□ 1545

The Clerk announced the following pair:

On this vote:

Mr. Torricelli for, with Mr. Scarborough against.

Messrs. PALLONE, WYNN, GUTKNECHT, and LoBIONDO changed their vote from "aye" to "no."

Messrs, FRELINGHUYSEN, TANNER, HOKE, and MARTINI changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs SCHROEDER: At the end of title I, insert the following new section:

SEC. 105. LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR THE NATIONAL RECONNAISSANCE OFFICE.

Notwithstanding any other provision of this Act and the amounts specified in the classified Schedule of Authorizations referred to in section 102, the total amount authorized to be appropriated by this Act for the National Reconnaissance Office is the aggregate amount appropriated or otherwise made available for the National Reconnaissance Office for fiscal year 1996.

Mrs. SCHROEDER. Mr. Chairman, this is one more attempt to try and cut back just a little bit. The gentleman from Massachusetts' amendment was just defeated. My amendment builds on his, and instead of cutting all across the board or holding at the fiscal year 1996 level, it only cuts and holds to the fiscal year 1996 level the funds that go to the National Reconnaissance Agency. So it is just very narrowly targeted to the NRO.

Let me tell you why. I want to read to all of you, and I think this is very important. This is May 16, 1996. This is just recently, right?

They are talking about how Mr. John Nelson, who was appointed last year as the Reconnaissance Office's top financial manager, said to the press that there had been in Defense Week an agency that had gone a total fundamental financial meltdown. He admitted that when he got into his office and started looking at the accounts, he discovered that this agency had put away $4 billion, and that it had not reported that accurately to the Congress, to the Secretary of Defense, to the head of the Intelligence Agency, or anyone else.

Mr. Chairman, my amendment says that if this agency, if we discovered this last week about this agency, if they had been totally in our face, in the Secretary of Defense's face, in the head of the CIA's face, and everyone else, if Mr. Nelson, who is there now trying to get the books in order, if all of that happened, which apparently it did, certainly we should not give them an increase for next year. We are just going to hold them level to what they got this year.

Does that not make sense? No one is taking these extra funds away. No one has done any of that. We are only saying, "OK, let's hold them to that level that they have this year."

This is not a cut, this is a freeze. Freeze them. And only freeze that agency, that agency that we just heard had played all sorts of games with us and had really not leveled.

Mr. Chairman, I could stand here and read all sorts of editorials from newspapers across the country decrying the mismanagement. I certainly salute John Nelson. He has been very candid. He has come forward. He told us what he found, and that is wonderful. There have been editorials in all sorts of newspapers across the country pointing out that if any civilian agency in this government had come forward and found out that there was such a fraud and they had played such a game, this body would go out into orbit.

I cannot believe 1 week after all of this, 1 week after the rash of different editorials and news on this, that we are going to give them an increase for next year, when we know they did not even level with us about the surplus they put away years before.

People will stand up and they will fight my amendment by saying "Well, they didn't spend the money and they used it on other things," and so forth and so on.

Every bit of money that you put away, that is interest that we are borrowing this money for. That is not how the game is supposed to be run around here. It is really saying to Congress, you cannot touch us.

That kind of attitude is what makes everybody terribly angry. I certainly hope people will vote for this amendment.

Let me frame it one more time: All this amendment does is say to the one agency that has really admitted, its new fiscal officer has admitted, they had a financial meltdown, it says they are not going to get an increase in the next fiscal year.

Now, in my prior speech I talked about sacred cow disease, and I said that sacred cow disease seems to be almost as prevalent as mad cow disease is in Great Britain. When we come to defense and intelligence, it makes no difference what we do, we cannot help ourselves. We increase it. Some of the biggest budget hawks in the world that are out there trying to fight that deficit, they just cannot stand it. They cannot spend enough in this area.

But if we do not reward a deal with this kind of mismanagement, I think we really look like we are not serious about this at all.

Mr. Chairman, I urge people to vote for this little, tiny, tiny amendment, and send a message that we will not tolerate that kind of mismanagement in the future.

Mr. FRANK of Massachusetts. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this amendment is both fiscally and constitutionally required. Fiscally, because it would give us at least some reduction in the 5-percent increase that is otherwise being voted; but it is also important as a matter of constitutional government.

The following facts are not in dispute: About a year ago, some newspaper reports came out that the National Reconnaissance Organization, the entity that is the subject of this amendment, had squirreled away $1 billion. There was $1 billion we did not know they had.

People said well, they had a bad accounting system. I reject the notion that the people who know all, see all, are everywhere, from whom the world has no secrets, did not know how much money they had. Of course they did.

What they counted on was the laxity of this body's supervision. They counted on being able to put that money away so they could in effect supplement their own appropriation. These people have invented the new parliamentary device, the autonomous supplemental appropriation. They can supplement their own, by hiding the money as it goes along.

What this means, of course, is it turns out that some of the money we voted for them was not necessary. They were able to accomplish certain objectives or for other reasons they were not able to spend some money. They did not turn it back. They did not come and say reprogram it. They just kept it.

At first we were told there was $1 billion. Then we heard there was $2 billion. Then the committee intervened. Riding to the rescue of fiscal integrity came the Intelligence Oversight Committee, and they adopted some rules to prevent this from happening. And it worked, because thanks to them, we no longer had a $2 billion surplus hidden away. We had a $4 billion surplus. Thanks to the effective oversight, the committee said "We took some steps a year ago." They took some steps, and as a consequence of the steps, or perhaps irrelevant to the steps, the $2 billion became $4 billion.

Now, as I suggested earlier, maybe what we should do is simply withhold here, because we seem to have a great, surefire deficit reducing device. First they found $1 billion. Then the $1 billion became $2 billion. Then the $2 billion became $4 billion. I do not have my calculator, but it seems to me in a very few years, if we let these people go at the rate they are going, they would make a very substantial reduction in the deficit. They are able to produce the greatest surplus in a shorter period of time than anybody I have ever seen. But they should not be able to do it without this body voting on how to spend that money.

We were told they have been disciplined. Somebody was fired. But as an entity, this is undeniable, they have benefited from that. They have gotten more money to spend.

People said well, we are trying, Mr. Deutch is trying. I believe Mr. Deutch is trying. I believe the committee was trying. But Mr. Deutch has a broad set of responsibilities. The members of this committee have very broad sets of responsibilities.

No, if you have got people who are specialists, particularly when they are

working in a technically sophisticated area where secrecy is involved, no one will be able to out-account them, no one will be able to stop this kind of game playing, except if we say to them, we penalize you.

There is one way to put an end to this, and that is to pass the gentlewoman's very thoughtful amendment so we say to these people there is a penalty for this kind of game playing and avoidance of the rules, and it is you will not get the full benefit from this.

There is no danger they will be hurting financially. An entity that was able to squirrel away $4 billion while doing everything they were supposed to do is hardly going to be hurt when they get their share of a 5-percent increase and still have kept some of what they had.

None of it has gone back to the deficit. Let us at least in this amendment give the American taxpayers some benefit from the $4 billion in savings. I hope the gentlewoman from Colorado's amendment is adopted.

Mr. DICKS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in the discussions here, we have been talking about this $4 billion. What we have done in the Congress is we have taken the $4 billion away and we are using it for other things. It has been used for Bosnia, it has been used for other defense priorities.

So if the money were still there, then maybe I could see some wisdom in this amendment. The reality is, we are 5 percent below, for the NRO budget this year, 5 percent below the Clinton budget request. We have made some reductions in this particular area.

I would also say to my colleagues that we are trying in the NRO, we have got a new financial officer who, John Deutch, a Democrat, Mr. Clinton's DCI put in. He took out the leadership of the NRO. He took out the Director and the Deputy Director. He put in Keith Hall, who is doing a fine job.

So the amendment tries to punish someone who has already been punished. They have had their carryforward account taken away, their leadership has been replaced, a new financial manager has been put in place.

John Deutch deserves support here. He would tell you if he were here on the floor of the House today that we are in the midst of a modernization effort to build new satellites that will allow us to reduce the overall infrastructure of this program and reduce spending in the future. But if he does not get the NRO money this year to make those investments, then we are going to wind up spending more on intelligence than we need and we are going to have less capable systems.

So the DCI has taken the steps necessary to reform this. What we are doing today is repudiating John Deutch by saying even though you did that, Mr. Director, it was not enough. Now we are going to slap your hand again and take away a very significant amount of money.

□ 1600

I cannot say the numbers, but we are talking about a significant amount of money. This is as big an amendment as we are talking about today.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. First of all, if the gentleman is saying we are going to have a very significant amount of money taken away if my amendment passes and we freeze it at this year's level, what we are really admitting is we are really giving that agency a huge increase but we cannot say that money.

But second, my question is, Is the gentleman telling us the entire $4 billion that we just found and talked about in the press a week ago, has that all been expended already?

Mr. DICKS. Mr. Chairman, reclaiming my time, I would say to the gentlewoman that that money has been taken back, in the administration's budget request and we have used it for other purposes in the Defense bill, which made it possible not to have to appropriate new money.

So the problem has been addressed. And, again, the DCI has replaced the leadership of the NRO, he has put in a financial manager and we now have this thing under control. If there is additional money, and if it is not all taken, we have set a certain number of months that they can have carryover funds for use in each of these programs. If they go above that, we will take that money away as well. So it is an ongoing process.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield further, though, first of all, it is pretty astounding to me that they could have gotten rid of this this fast when we just learned about it this past week, learned of the magnitude of it.

The way I read this is that they said originally they thought there were $2 billion in the carryover fund and they now find there is $4 billion. But there also was not supposed to be any.

Mr. DICKS. Mr. Chairman, reclaiming my time, I would say to the gentlewoman that this is not the first time we have known about this. The members of the Permanent Select Committee on Intelligence and the Committee on Appropriations have known about this but we could not disclose it. Somehow it got in the press, but decisions had already been made to take a significant part of that money last year and in this year's budget.

What they are saying is that the total amount that they now have calculated was this. We knew that they were up there, and we took a lot of the money away from them earlier because it was not needed. It was not wasted. No waste, fraud or abuse. It was not used for anything other than authorized purposes.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield further, I find it surprising, then, that the newly appointed fiscal officer, John Nelson, would say there is a total financial meltdown, which is exactly what he said to the press when this was all uncovered.

So if the new guy is saying there is a financial meltdown, I think that is an admission that they had this $4 billion and a game was sort of being played, and I find it astounding we would give them that big an increase.

Mr. DICKS. I would say to the gentlewoman that we did exactly what I think my colleague would have wanted us to do once we found out that there was in fact a meltdown. He then told us what the amount of money was that was in excess to their requirements and we took it away from them.

Mrs. SCHROEDER. But the gentleman just said he spent it. The gentleman indicated it was taken away and spoke somewhere else.

Mr. DICKS. It was spent for Bosnia and it was spent for other legitimate ventures so we did not have to appropriate new money.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman would yield further, I think what the American people would want us to do is not spend it and invest it to help bring down the debt, and I would hope we would not give them an increase.

Mr. COMBEST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is one of those interesting situations that one finds themselves, I guess constrained. I and the members of the committee were outraged at about this time last year when it was discovered that there was a carryforward account that we were not aware of; that the Director of Central Intelligence was not aware of.

We demanded that there be something done. As has been mentioned, the two top officials at the NRO were relieved of their duty. A chief financial officer was put into place, and he was tasked with coming up with what was the amount. Originally, it was purported to be a billion, a billion and a half. It was uncertain, because as the gentlewoman from Colorado has pointed out, when the chief financial officer, Mr. Nelson, publicly made his report last week, he talked about how egregious, and I do not remember his exact words, but they were not kind in terms of some of the financial management of the NRO.

We have tried to follow on the committee throughout the past several

months, as we have had constant updates on the investigation by the chief financial officer of the NRO carryforward account. There were substantial monies taken out in the appropriations process last year, after it was discovered, from the carryforward account. The Director of Central Intelligence as well took out an additional amount of that money, all inclusive totaling in excess of billions of dollars, to use in other functions that the administration wished to pursue.

We have continually asked and we have continually been updated on the carryforward account. Mr. Nelson, rather than keeping it secret and not discussing it, has a public interview in which he mentioned the $4 billion amount.

Now the accounting process stunk, but I think it is very important to note that this was money that had been authorized and appropriated for programs that were authorized by the Congress, for future program as that are managed and run by the National Reconnaissance Office. They were moneys that had not been expended because some of the programs had been working better than had been anticipated.

These are programs that if the Congress wants to cancel, the Congress should cancel, but it does not take away from the fact that these are programs that at one time the Congress has approved to move forward with.

Now, I also find it a little difficult in defending this because of how outraged I was when I first became aware of the carryfoward account. I also find it somewhat ironic that in the mark, and I would invite Members to come up and look at what we have done in the section for the NRO, we are 5 percent below what the administration requested for the NRO. And some of us have been accused of micromanaging the NRO accounts. My comment to that was if someone had been micromanaging for several years we would not be in the problem we are in.

So on one side some of us are being criticized for micromanaging, trying to straighten out the problem, and on the other side we are being criticized for not doing enough. So I would encourage Members to come up and look, and I wish I could tell Members what we are doing with all of the programs. There has been no program left unscathed. We have brought every program program that that organization runs, put it on to the table, and we have been looking at delaying some of those programs, we are looking at potentially canceling some of those programs, and we are being strongly criticized by the agency, by the administration, and by other Members of Congress.

But the purpose of doing that is to bring into bearing what it is the gentlewoman is complaining about, and very rightly so. But I would urge her to come up and look and talk to some of the Members on the other side that have been complaining so hard about the fact that we are putting them under a microscope. They are going to have to come up with and defend and satisfy the committee that every one of the requests that they have made in the President's request, which is above what we have authorized is, in fact, justifiable.

The CHAIRMAN. The time of the gentleman from Texas [Mr. COMBEST] has expired.

(By unanimous consent, Mr. COMBEST was allowed to proceed for 2 additional minutes.)

Mr. COMBEST. Mr. Chairman, the gentlewoman from Colorado had asked me to yield, and I am happy to yield to her.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman from Texas for yielding. Is the gentleman from Texas saying that the entire $4 billion has been allocated somewhere else already?

Mr. COMBEST. No. First of all, there is not an entire $4 billion. Virtually half of that amount was taken out last year.

Mrs. SCHROEDER. And so has the rest of it been expended this year?

Mr. COMBEST. Part of that is in the continuing carryforward account. What we required last year in the authorization was that they lower their carryforward account to no more than 1 month. They could not run programs in a carryforward account, they could not keep those moneys for more than 1 month.

But they have to manage that, Mrs. SCHROEDER. They have to move that. They cannot take that amount of money and all of a sudden just throw it away. We do not want them to do that, and they are managing that now. So what we are requiring that they do is to take that money that was originally authorized and appropriated for certain programs and expend it on those programs and work that carryforward account down. They are in that process now to where they have no more than 1 month's carryforward at any time.

We have only become aware, as the gentlewoman mentioned, of the amount of the money just in the past week to 10 days, because they have continually, over this period of time, tried to do a very accurate accounting in which they were going to tell us how much that was there for. And it was not wasted or thrown away or squandered. It is not being spent on programs that are not authorized. It is that they were trying to work that out.

But last year, recognizing even at the time we were only talking in the neighborhood of a billion to a billion and a half, we agreed that that was not acceptable and that we were going to bring that under scrutiny.

The CHAIRMAN. The time of the gentleman from Texas [Mr. COMBEST] has again expired.

(By unanimous consent, Mr. COMBEST was allowed to proceed for 3 additional minutes.)

Mr. COMBEST. That was to be brought under scrutiny and they were to begin to manage that account. We then have, in this year's authorization, as I have mentioned, and I would encourage the gentlewoman to look, brought every program that organization runs under scrutiny. Every one.

I wish the gentlewoman would look at what we are recommending on some of those. I cannot go beyond that on the floor of the House.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman would continue to yield, the next question I have, then, the gentleman is saying that if my amendment passed, which would hold this agency at this year's funding level, it would be a disaster because how much of an increase are we giving the agency? Can we say that in open session, what the percentage increase is?

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

Mr. COMBEST. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, what we can say is it is 5 percent below the Clinton budget request.

Mr. COMBEST. Reclaiming my time, Mr. Chairman, the gentleman is correct, this authorization bill is 5 percent below what the administration requested.

Mr. DICKS. And if the gentleman will yield further, that is on the NRO portion.

Mr. COMBEST. Yes; that is correct, on the NRO portion.

Mrs. SCHROEDER. But we cannot say how much of an increase it is over what we are spending this year; is that correct?

Mr. COMBEST. I guess we might, but I am not for sure. I would have to check to see what that is.

Mrs. SCHROEDER. Could I ask the chairman further, if my amendment were to pass, and there is still some money left in this carryforward account, could they not use that this year to make up any critical shortfall?

Mr. COMBEST. Those funds in the carryforward account are obligated and were authorized and appropriated for specific purposes of which the new authorizations that we are looking at now would not include.

Those are still going to have to be expended. They would have had to have been expended at some point in time. And that is the point I was making earlier, was that if the Congress wants to go back and cancel some of those programs that have already been approved that this money was there for, that is a totally different subject. But as long as those are still to be moving forward in the new satellite architecture, all those funds in the carryforward account at some point have to be expended on those programs. And the

moneys we are looking at now are not going in the carryforward, they are going into additional expenditures for those programs above what the carryforward accounts accounted for.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman, and I hope he understands.

Mr. COMBEST. I do understand.

Mrs. SCHROEDER. To the average person this sounds absolutely nuts, that we are giving an increase to an agency that we just learned had this surplus.

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

Mr. COMBEST. I yield to the gentleman from Washington.

Mr. DICKS. I just want to say that we are actually cutting the NRO by 5 percent.

Mr. COMBEST. Reclaiming my time, I want to say to the gentlewoman that I understand the frustration, I truly do understand it, and it makes it seem so ridiculous for this to have happened, that we can allow a bad accounting program like this to go unpunished. but I do not know how we go back and punish. The only way to do that is to cut out what I think are some very significant programs, and, hopefully, the Director of the Central Intelligence Agency's efforts to try to deal with this problem are what are bringing this all to fruition and to a head.

Mr. CHAIRMAN. The time of the gentleman from Texas [Mr. COMBEST] has again expired.

(By unanimous consent, Mr. COMBEST was allowed to proceed for 3 additional minutes.)

Mr. COMBEST. Mr. Chairman, I yield to the gentleman from Washington.

Mr. DICKS. Let me point out I think we have disciplined an agency pretty well when we take away at least 50 percent immediately of the carryover funds. As soon as we found them out, we took those away. The Director appointed a special task force. He appointed a new financial officer, fired the Director and the Deputy Director, and said we are going to get this thing cleaned up and straightened out.

Now, the problem is that what we are doing here is coming in with a punitive approach and saying even though we have done all those things we have to do something more. I would argue that if both my colleagues would come up, we could go through this program and show them that what we are talking abut here are NRO satellites that are vitally important to the military.

□ 1615

It is the men and women that we have deployed all over this world who are going to be denied important intelligence if we do not modernize and improve our imagery and satellites. It is not some bureaucrats whose hands we are slapping. It is not an accountant over at the NRO. What we are doing is denying important intelligence to our military people.

So I would urge my colleagues not to do this. This is not the right way to go. It is too significant an amount of money. Mr. Deutch has done the right things here. We have got to give him an opportunity to clean up this mess, and he is doing it. But what we are doing here is punishing him because we are undermining the architecture that he has set up for the modernization of our satellites and that was also set up by Mr. Woolsey, another Democrat and appointee of this administration. They both would say that this would undermine and hurt the efforts to improve our satellite capability.

Mr. SANDERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, earlier today I introduced an amendment which would reduce intelligence spending by 10 percent. It received, I believe, 115 votes. Just a few minutes ago the gentleman from Massachusetts [Mr. FRANK] introduced an amendment that would freeze intelligence spending. It received 193 votes.

My sincere hope is that we can receive another 20 votes to pass the Schroeder amendment. I will tell my colleagues why. Month after month and day after day, Members from both sides of the aisle come here on the floor of the House, and they talk about the $5 trillion national debt. They talk about the deficit, and they talk about how important it is and how necessary it is to cut program after program after program. My friend from Washington a moment ago talked about his fear that we would be "disciplining this agency."

Mr. Chairman, by overspending on intelligence, by spending more money than we need for the National Reconnaissance Office, an agency that has misplaced, that has lost $4 billion of taxpayers' money, what we are doing is disciplining hungry children in America. We are disciplining families who would like Federal funding in order to send their kids to college. We are disciplining senior citizens who get by on $7,000 or $8,000 a year Social Security but do not have the help from the Federal Government to purchase prescription drugs.

We are disciplining tens of millions of people who would like some help from the Federal Government. But we are saying, not only can we not afford it, we are going to cut back on what we are currently providing because we think we need to spend this money on the intelligence agencies, despite the end of the cold war.

Mr. Chairman, I know that many Members in this body are terribly sincere, both sides of the aisle, terribly sincere about deficit reduction. I know that they have been reluctant and with pain have made cuts that they know are going to hurt millions of middle-class working class, low-income families. I beseech those same Members who have made those cuts that impact negatively on people who are hurting today to have the courage to stand up and say that, when we have an agency that has misplaced $4 billion, the very least we can do to protect our credibility is to say to that agency that we are going to level fund you.

The gentlewoman from Colorado [Mrs. SCHROEDER] did not say we are going to cut their funding in half. That is not what she said. She came forward with a very conservative amendment. Level fund an agency that has misplaced $4 billion. We need 20 votes more to finally say to the American people that we are serious about deficit reduction. Please support the Schroeder amendment.

Mr. CUNNINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in the armed services, quite often, for example, if you have a budget and you have so much fuel allocated in that fiscal year, that fiscal year's allocation that you have to burn it during that period of time and quite often we would come to the end of the year because we did not know how much we would use in Vietnam, in Somalia, in Bosnia, and if you did not use the amount you thought, then you would end up with a bunch of it toward the end of the year. so you tried to manage it and prepare for a contingency.

Quite often we would have to fly up that fuel because we would not get as much next year. We knew that we needed the fuel over a long period of time for management for those contingencies also. We were forced to burn it when it really was not used in the best way. Intelligence has managed its dollars over a period of time looking to when it sees.

Mr. Chairman, the intelligence community works in the antidrug program. It works in anticrime, not only here but abroad, in DEA, in CIA, in FBI. If you want to come after ATF, come to me and I will help you. But if you take a look at the broad nature of where our intelligence services go and how they help the security of this country, not only aiding our military, I looked, during the bill, the antiterrorist bill, I made a statement that my concern was that people will not support our troops in the field through intelligence.

Even though the cold war is over, I believe that our need for intelligence has actually increased. If you take a look, and the reason that we were so opposed to what the President did in the arms shipment by going through Iran and getting the Iranians involved in the Middle East, if you take a look at the French and the British and the different portions in Europe to where

they increased on fundamental terrorists of the Islamic groups actively engaged, there is an increased need for intelligence there, just for the security of those countries and the United States.

Mr. Chairman, I remind my colleagues, in the World Trade Center bombing, that was Islamic fundamentalists that were here also illegally in this country. The need for intelligence in that has increased in this country. We look at Ruby Ridge that was just on, and we look at other areas of the country where that increase in intelligence is so important to protect American citizens.

In areas of defense and areas of national security, in which these forces, they are not used, I think, to waste and squander dollars, but it is to help the American people in those areas and to help our troops when they are engaged in combat.

If we take a look, for example, right now today in the Ural Mountains, my friend from Washington is aware of this, within the Ural Mountains, Russia today is building an underground first strike nuclear capability as big as the entire area inside the Beltway. That is pretty important to know for this country.

I remember in San Diego, when Iraq was trying to smuggle nuclear triggers out of San Diego. It is pretty important to the American citizens to have that kind of intelligence. If we try to micromanage and cut back, yes, there are areas, I am sure there are areas in the military, to the gentlewoman from Colorado, that, yes, things have been spent too much.

Mr. Chairman, but that is the problem generally with any Federal organization. That is why we want to send a lot of it to the States. We think that is a better way to manage and balance the budget and to eliminate the programs.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman for yielding to me. The gentleman is making a good point. We want good intelligence. But we are talking here about just limiting this to a freeze to this year's level, and this is for satellites.

A lot of the intelligence the gentleman is talking about, language skills being able to have people on the ground understand Farsi, understand all of those types of things, or dealing with intelligence about whether you are talking about Ruby Ridge or something else, most of that you are not picking up off satellites. Satellites do not delineate a terrorist from a regular citizen. We are just targeting it to satellites.

Mr. CUNNINGHAM. Reclaiming my time, Mr. Chairman, let me tell you about the satellites. When I was at Navy Fighter Weapons School, we were able to look down and read the serial numbers on the missiles on the side of aircraft to determine what our real threat was. The Russians have recently developed the AA-10, which is superior to our AMRAAM. We need to know those kinds of things, that is taken off the satellites.

Mr. GEJDENSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to make sure that the Congress and the American people are not left with a misimpression that Iranian arms only began being shipped to the former Yugoslavian Republic during this administration. Through the entire course of the Bush administration, Iranian arms were going into the former Yugoslavian Republic at a time when the Bush administration had no policy to deal with the slaughter that was going on in Yugoslavia. It is particularly ironic that having executed a policy that has at least for now stopped the fighting, stopped the civilian slaughter and the genocide, that the other side would criticize and try to make an issue of the President who finally took a stand and actually concluded a policy that stopped the genocide.

Mr. Chairman, I just want to correct that one, I am sure, innocent misimpression that was left by the previous speaker. The Iranians were shipping arms into the former Yugoslavian Republic during the time of the Bush administration.

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

Mr. GEJDENSON. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I appreciate the gentleman's clarifying that point. I would like to also say that we are not just talking about stopping these satellites. When you talk about the satellites, they are able to gather information that gives our country a warning about terrorists and various terrorist organizations and what they are doing and their plans. So when we have things like the World Trade Center, I think it is a sobering thought that terrorists are now able to do things like this in the United States. That is another reason why in my judgment we ought to protect this budget.

This budget is not only important to our military deployed abroad, but it also gives us the ability to find these various terrorist organizations and what their plans and intentions are, some of which are not good for the United States.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, the point is we are only going after this one part of the budget. This is the one agency that had the fiscal meltdown. We are holding it level at this year's amount. Yes, of course, we need satellites but we also need language skills, people on the ground, all sorts of different kinds of information; and that is not cut or held even by this amendment.

Mr. Chairman, I think it is just real important. I think that the debate that would have gone on if the civilian agency had done this would have been of an entirely different tenor on this floor. People would have been jumping to the mike, demanding the head of the agency be delivered down here and everything else. I am really amazed that all the tap dancing that we have done around this. I think this is a simple amendment, and I certainly hope it passes.

Mr. NETHERCUTT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is interesting to me as I was watching the debate and listening to the gentlewoman from Colorado and the gentleman from Vermont talk about misplacement of $4 billion and fiscal meltdowns, I wonder what those two colleagues of mine would say if we had the same response to the mismanagement that has been shown by the inspector general of the United States for the U.S. Department of Agriculture for the Food and Consumer Services Agency.

The IG did an audit, as I am sure my colleagues know, showing that $13.5 billion out of $37 billion of the food and consumer services budget could not be found. Talk about mismanagement. Talk about unaccountability. And I do not here anybody on the other side being outraged by that kind of mismanagement or that kind of fiscal meltdown.

The point is, there is fiscal mismanagement at an agency that the gentlewoman from Colorado and the gentleman from Vermont I think want to ignore.

□ 1630

An audit was done; they cannot prove that it was lost, but they cannot prove that this was spent for the proper purpose. The I.G. said there is no accounting of it, it cannot be proved what happened to the money.

So that agency came before the Committee on Appropriations, on which I serve, and said, "Give us $4 billion more."

So I think we have to put this all in perspective and realize that we are talking about the national security interests of the United States, and on that basis I think we have to be careful about saying, as my colleagues know, about trying to punish agencies because that hand can bite if we are not careful.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. NETHERCUTT. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I want to say that I will be equally as outraged when we get to that item on the floor. I promise the gentleman. I do not like misspent money anywhere. I think that is why Americans are so angry with us, is that we come in and we become apologists for it, and they think that we have all bought into the Potomac fever syndrome when we do that.

The reason I do not have an amendment on the floor to deal with that today is we do not have that bill on the floor today.

But I promise the gentleman, if there is one up there, I will not be trying to reward that agency with a large increase over this year's budget because they cannot find money from the last year, and that is my whole point.

So I hope the gentleman joins with me today, and then we can both stand here and be outraged when that one comes up, and any other budget anywhere.

Mr. NETHERCUTT. Reclaiming my time, I hope the gentlewoman from Colorado [Mrs. SCHROEDER] will pay attention to what has happened in the food and consumer services agency. That money goes to kids. It is supposed to go to kids, and we are spending it on all other kinds of things in that agency, but I do not hear the outrage.

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

Mr. NETHERCUTT. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, another point I would make on this is that in a sense this money was never misspent at the NRO. Apparently there was big money misspent over at the Agriculture Department on things that were not supposed to be. The NRO money ultimately would have been spent on programs that had been authorized and appropriated by the Congress, and the irony of this is that we are going to have to restore this money at some future date. We will have to do that because of the amount of money that is required to build these very elaborate, complicated intelligence system.

So we took the money away in the short term, but it is going to have to be restored in the long term.

Mr. NETHERCUTT. Let me just say in response to the gentleman from Washington, who makes a very, very good point, this is a dangerous world. We have limited resources. We cannot gamble on the intelligence services of the United States of America, and I think, as my colleagues know, we are talking a little bit about apples and oranges although the concept that the gentlewoman from Colorado makes, or the point she makes with regard to mismanagement, applies equally on the domestic side, but we do not have the national security interests of the country at stake.

So I think the point of the gentleman from Washington, my colleague and friend, Mr. DICKS, is a very good one.

Mrs. SCHROEDER. Will the gentleman yield?

Mr. NETHERCUTT. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I mean I love this. These two gentlemen from Washington are here saying, as my colleagues know, "The best defense is a good offense."

Look, we cannot be outraged about the agriculture budget, because it is not here today. If it is here today, we will offer an amendment, and, yes, it is terribly wrong to take money from little kids, but it is also terribly wrong to waste money here and to play the games that were played, and I would hope the gentleman would join me in dealing with this issue that we can do something about.

So something about what we can do something about, which is this issue in front of us today, and vote for my amendment.

Mr. NETHERCUTT. Reclaiming my time, Mr. Chairman, I will just simply close my portion of time in saying that this amendment should be rejected. I fully support the gentleman from Texas [Mr. COMBEST] and the gentleman from Washington [Mr. DICKS] in their position on this bill and this amendment. We should move forward.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado [Mrs. SCHROEDER].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mrs. SCHROEDER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were ayes 137, noes 292, not voting 4, as follows:

[Roll No. 188]

AYES—137

Ackerman
Andrews
Baldacci
Barrett (WI)
Becerra
Bonior
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Camp
Clay
Clayton
Clyburn
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
DeFazio
DeLauro
Dellums
Deutsch
Dingell
Doggett
Duncan
Durbin
Ehlers
Ensign
Eshoo
Evans
Farr
Fattah
Fawell
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Fox
Frank (MA)
Furse
Gephardt
Gibbons
Gordon
Green (TX)
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnston
Kaptur
Kennedy (MA)
Kleczka
Klug
LaFalce
Lantos
Leach
Lewis (GA)
Lincoln
Lofgren
Lowey
Luther
Maloney
Markey
McCarthy
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Nadler
Neal
Neumann
Oberstar
Obey
Olver
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Porter
Poshard
Ramstad
Rangel
Reed
Riggs
Roemer
Roth
Roybal-Allard
Rush
Sanders
Sawyer
Schroeder
Sensenbrenner
Serrano
Shays
Slaughter
Stark
Stenholm
Studds
Stupak
Thompson
Thurman
Torres
Torricelli
Towns
Upton
Velazquez
Vento
Visclosky
Volkmer
Waters
Watt (NC)
Waxman
Weller
Williams
Woolsey

NOES—292

Abercrombie
Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Coleman
Collins (GA)
Combest
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeLay
Diaz-Balart
Dickey
Dicks
Dixon
Dooley
Doolittle
Dornan
Doyle
Dreier
Dunn
Edwards
Ehrlich
Emerson
Engel
English
Everett
Ewing
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gejdenson
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Klink
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manton
Manzullo
Martinez
Martini
Mascara
Matsui
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Ortiz
Oxley
Packard
Parker
Paxon

Pombo	Shadegg	Thornberry
Pomeroy	Shaw	Thornton
Portman	Shuster	Tiahrt
Pryce	Sisisky	Torkildsen
Quillen	Skaggs	Traficant
Quinn	Skeen	Vucanovich
Radanovich	Skelton	Walker
Rahall	Smith (MI)	Walsh
Regula	Smith (NJ)	Wamp
Richardson	Smith (TX)	Ward
Rivers	Smith (WA)	Watts (OK)
Roberts	Solomon	Weldon (FL)
Rogers	Souder	Weldon (PA)
Rohrabacher	Spence	White
Ros-Lehtinen	Spratt	Whitfield
Rose	Stearns	Wicker
Roukema	Stockman	Wilson
Royce	Stokes	Wise
Sabo	Stump	Wolf
Salmon	Talent	Wynn
Sanford	Tanner	Yates
Saxton	Tate	Young (AK)
Schaefer	Tauzin	Young (FL)
Schiff	Taylor (MS)	Zeliff
Schumer	Taylor (NC)	Zimmer
Scott	Tejeda	
Seastrand	Thomas	

NOT VOTING—4

Bliley	Molinari
Hoke	Scarborough

□ 1654

Mrs. ROUKEMA and Messrs. SCHUMER, WALSH, BENTSEN, and CUMMINGS changed their vote from "aye" to "no."

Mrs. THURMAN and Messrs. RANGEL, DOGGETT, SHAYS, and FOX of Pennsylvania changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. CHAIRMAN. Are there other amendments to the bill?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. HOBSON) having assumed the Chair, Mr. DICKEY, 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. 3259), to authorize appropriations for fiscal year 1997 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, pursuant to House Resolution 437, he reported the bill back to the House with an amendment adopted by he Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3259, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1997

Mr. COMBEST. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 3259, the Clerk be authorized to make such technical and conforming changes as may be necessary to correct such things as spelling, punctuation, cross-referencing, and section numbering.

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

There was no objection.

GENERAL LEAVE

Mr. COMBEST. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 3259, the bill just considered and passed.

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

There was no objection.

REPORT OF COMMODITY CREDIT CORPORATION, FISCAL YEAR 1994—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Agriculture:

To the Congress of the United States:

In accordance with the provisions of section 13, Public Law 806, 80th Congress (15 U.S.C. 714k), I transmit herewith the report of the Commodity Credit Corporation for fiscal year 1994.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 22, 1996.*

COMBINED ANNUAL REPORTS OF NATIONAL SCIENCE FOUNDATION, FISCAL YEARS 1994 AND 1995—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Science:

To the Congress of the United States:

As required by the provisions of section 3(f) of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1862(f)), I transmit herewith the combined annual reports of the National Science Foundation for fiscal years 1994 and 1995.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 22, 1996.*

□ 1700

COMMUNICATION FROM THE HONORABLE SCOTT McCINNIS, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable SCOTT McINNIS, Member of Congress:

U.S. CONGRESS,
HOUSE OF REPRESENTATIVES,
Washington, DC, May 21, 1996.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule L (50) of the Rules of the House, that I have been served with a subpoena issued by the County Court of El Paso County, Colorado.

After consultation with the General Counsel, I will make the determinations required by the Rule.

Sincerely,

SCOTT McINNIS,
Member of Congress.

PARLIAMENTARY INQUIRIES

Mr. SOLOMON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. HOBSON). The gentleman will state his parliamentary inquiry.

Mr. SOLOMON. Mr. Speaker, I would inquire when the next vote is expected. I understand that we will now be taking up the rule on the Small Business Job Protection Act and that there will not be another vote on the floor for at least another hour. Is that correct?

Mr. VOLKMER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. VOLKMER. Mr. Speaker, I just want to inquire, the gentleman from New York's inquiry to the Chair does not appear to be a parliamentary inquiry.

Mr. Speaker, what is the House going to take up at this time?

The SPEAKER pro tempore. It is the Chair's understanding that the gentleman from New York may rise to call up a rule.

Mr. VOLKMER. One hour debate on the rule?

The SPEAKER pro tempore. It would be debatable for 1 hour, and the Chair would assume that therefore his suggestion may be correct, but the Chair makes no ruling on that.

PROVIDING FOR CONSIDERATION OF H.R. 3448, SMALL BUSINESS JOB PROTECTION ACT OF 1996, AND H.R. 1227, EMPLOYEE COMMUTING FLEXIBILITY ACT

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 440 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 440

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order (except those arising under section 425(a) of the Congressional Budget Act of 1974) to consider in the House the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, and for other purposes. The amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill shall be considered as read. All points of order against the committee amendment (except those arising under section 425(a) of the Congressional Budget Act of 1974) are waived. The bill and the amendment shall be debatable for one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The previous question shall be considered as ordered on the bill and the amendment to final passage without intervening motion except one motion to recommit with or without instructions. The yeas and nays shall be considered as ordered on the question of passage of the bill and on any conference report thereon. Clause 5(c) of rule XXI shall not apply to the bill, amendments thereto, or conference report thereon.

SEC. 2. After disposition of H.R. 3448 it shall be in order without intervention of any point of order (except those arising under section 425(a) of the Congressional Budget Act of 1974) to consider in the House the bill (H.R. 1227) to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles. The amendment in the nature of a substitute recommended by the Committee on Economic and educational Opportunities now printed in the bill, modified by the amendment printed in section 3 of this resolution, shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and any further amendment thereto to final passage without intervening motion except: (1) ninety minutes of debate on the bill, which shall be equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities; (2) the further amendment printed in part 1 of the report of the Committee on Rules accompanying this resolution, which may be offered only by Representative Riggs of California or his designees, shall be in order without intervention of any point of order (except those arising under section 425(a) of the Congressional Budget Act of 1974), shall be considered as read, shall be separately debatable for ninety minutes equally divided and controlled by the proponent and an opponent, and shall not be subject to a demand for division of the question; (3) the further amendment printed in part 2 of the report of the Committee on Rules accompanying this resolution, which may be offered only by Representative Goodling of Pennsylvania or his designee, shall be in order without intervention of any point of order (except those arising under section 425 (a) of the Congressional Budget Act of 1974), shall be considered as read, shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent, and on which the question shall be divided between the proposed subsection 3(d) and the remainder of the proposed section 3(and shall not otherwise be subject to a demand for division of the question); and (4) one motion to recommit with or without instructions.

SEC. 3. The amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities now printed in H.R. 1227 is modified by the following amendment: Immediately after the enacting clause insert the following new section (and redesignate succeeding sections accordingly):

"SECTION 1. This act may be cited as the 'Employee Commuting flexibility Act of 1996'.".

SEC. 4. (a) In the engrossment of H.R. 3448, the Clerk shall—

(1) await the disposition of H.R. 1227 pursuant to section 2 of this resolution;

(2) add the text of H.R. 1227, as passed by the House, as new matter at the end of H.R. 3448;

(3) conform the title of H.R. 3448 to reflect the addition of the text of H.R. 1227 to the engrossment;

(4) assign appropriate designations to titles within the engrossment; and

(5) conform provisions for short titles within the engrossment.

(b) Upon the addition of the text of H.R. 1227 to the engrossment of H.R. 3448, H.R. 1227 shall be laid on the table.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. HALL], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, this rule is a little different from the usual rule we bring to the House floor. Today we have one rule which makes in order two separate bills.

The first bill is a bill out of the Committee on Ways and Means, H.R. 3448, which provides a series of tax benefits to small business.

The second piece of legislation, H.R. 1227, is a bill out of the Committee on Economic and Educational Opportunities, the Employee Commuting Flexibility Act. This bill will clarify confusion about situations where employees use the vehicles of their employers for transportation to and from work. This second bill will also serve as the vehicle for two amendments specified in the rule.

One of these amendments will be offered by the gentleman from California [Mr. RIGGS], the gentleman from New York [Mr. QUINN], the gentleman from Pennsylvania [Mr. ENGLISH], the gentleman from New Jersey [Mr. MARTINI], and others who have taken the lead on the majority side of the aisle in the effort to increase the minimum wage.

The amendment provides for a two-step increase in the minimum wage, from the current $4.25 an hour to $4.75 an hour beginning on July 1, 1996, just a couple of months away. Then it raises to $5.15 per hour 1 year later. That is a 90-cent increase. The Riggs-Quinn-English-Martini amendment will be debatable for 90 minutes.

The second amendment will be offered by the gentleman from Pennsylvania [Mr. GOODLING], and will be debatable for 1 hour. It includes provisions establishing, and these are very, very important, Mr. Speaker, a tip credit, and providing for an opportunity wage, a training wage. It also includes an exemption for small businesses which will be subject to a separate vote under the provisions of this rule.

Mr. Speaker, this rule waives points of order to allow for the consideration of both of these bills, but it does not waive any points of order to protect an unfunded mandate that may be included in either of these bills. In other words, that provision is not protected from a point of order.

This means that the House will have to follow the procedures set forth in the unfunded mandates law that we all voted for back last year, and have a separate debate and a separate vote on whether to consider an amendment against which an unfunded mandate point of order is properly raised. There will be someone from this side of the aisle that is going to raise that point of order at the appropriate time.

Mr. Speaker, the Committee on Ways and Means bill, like almost every tax bill for many years, will not be thrown open to further amendments on the House floor. This long-standing policy is designed to keep the Internal Revenue Code from becoming any more cluttered than it is already with special interest provisions.

Also, amendments offered on short notice on the House floor might turn out to have unintended consequences which could not be fully appreciated without adequate time to research those issues. That is why we have not opened up Committee on Ways and Means measures to the Tax Code in years past under either Republican or Democrat control.

The Committee on Ways and Means bill will be subject to 1 hour of debate, and the minority is protected in its right to offer a final amendment and a motion to recommit with instructions.

Mr. Speaker, while Chairman ARCHER has stated that there is no increase in income tax rates included in this bill, a waiver of the rule requiring a three-fifths vote to increase income tax rates has been included out of an abundance of caution. Different people have interpreted the three-fifths vote requirement differently, and this rule errs on the side of caution.

Now with regard to the second bill, H.R. 1227, reported by the Committee on Economic and Educational Opportunities, there will be a total of 90 minutes of debate on that bill. In addition to the two amendments I already mentioned, there will be a motion to recommit with or without instructions.

Finally, the rule provides that after the House has completed action on each of these two bills, the Clerk, in the engrossment of the Ways and Means Committee bill, will add in the text of the Opportunities Committee bill as passed, so that only one bill will be sent to the Senate. In other words, they will be married together and sent over to the Senate.

Mr. Speaker, both of these bills made in order by this rule present important issues which need to be debated on this floor and in this House today.

As one who owned and ran a small business before I came to this Congress 18 years ago, I am particularly pleased that we are finally making an effort to give some tax relief to the hard-working people who run these businesses and who provide jobs.

Mr. Speaker, these small business provisions include an increase in the amount small businesses can expense, which will make it easier to start up and expand a small business. The provisions also include a modification of the rules governing subchapter S corporations. If any of my colleagues have been in business, they know that that is extremely important to small businessmen. For example, it will increase from 35 to 75 the number of shareholders an S corporation may have.

The small business provision also includes pension simplification provisions which are intended to strengthen and to encourage retirement plan provisions for employees of small businesses. There are several other provisions designed to encourage and protect jobs in this measure.

Mr. Speaker, I represent a rural district that has many, many, many small businesses. As a matter of fact, we do not have too many of the large 500 corporations. They are an important part of the economy in my district, and I know how difficult it is to start up and maintain a small business. As a matter of fact, many small businesses fail before the first year is even out.

□ 1715

You have to ask why. It is not because of a lack of acumen by these small businessmen. But it is because of an unfair tax law and heavy regulatory burdens that eat up so much available operating capital that they just cannot meet the expenses in those early years.

But even with all the difficulties, small businesses create more jobs than any other types of businesses, much more than the Fortune 500 corporations. In fact, small businesses account for almost 75 percent of every new job in America every single year. That means every kid graduating from high school, every student graduating from college, all of those new jobs, 75 percent are created by these small entrepreneurial start-up businesses.

So, Mr. Speaker, these small business tax provisions do not just help small businesses, they help everyone by encouraging job growth.

Let me just say in conclusion, Mr. Speaker, I urge support of the rule we are considering now, and I would urge support of both bills the Committee on Rules has made in order. Let us get on with it and give the small businessmen in this country some vital relief that they have needed for so long.

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

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

Mr. Speaker, I thank my colleague from New York [Mr. SOLOMON] for yielding me the time.

House Resolution 440 is a modified closed rule that provides for the consideration of two bills, H.R. 3448, the Small Business Job Protection Act of 1996, and H.R. 1227, the Employee Commuting Flexibility Act of 1996.

The rule makes in order no amendments to H.R. 3448. It permits only two floor amendments to H.R. 1227, including an amendment that would gradually increase the minimum wage from the current $4.25 an hour to $5.15 an hour on July 1, 1997.

I congratulate the House leadership for finally permitting a vote on the House floor to increase the minimum wage.

This long overdue change will increase wages for those at the bottom of the pay scale. The minimum wage has not been raised since 1991. As a consequence, a worker making the minimum wage receives a little more than one-third the average American's hourly earnings. Adjusted for inflation, the minimum wage is near the lowest level in the last 40 years.

Our working poor deserve better.

I have met some of these people—one step away from poverty—in soup lines and emergency feeding programs. Who is fighting for them? They have no unions. They have no spokesmen. They are not organized. They have only the U.S. Congress to protect their basic human dignity.

That's why we in the House have to pass this, today.

I wish that we could have debated this last week, or last month. There is no excuse for the delay. This issue is too important to Members of Congress and to the people we represent to be stifled.

To my bold colleagues on the other side of the aisle who supported increasing the minimum wage and who brought about the opportunity for this debate, I thank you.

Mr. Speaker, though I am grateful that at long last the House is considering raising the minimum wage, I must express dismay at the rule governing the process.

The rule is a sort of patchwork quilt that makes in order various bills and amendments and patches them together into one measure. We've got an amendment on minimum wage. We've got a bill on employer-owned vehicles for commuting. Throw in some tax provisions from another bill and add an amendment printed in the Rules Committee report. Patch them all together and out comes one bill, ready to send to the Senate.

The Democrats have argued for a straight vote for the minimum wage. Up or down. This is a simple, straightforward matter. And now that we have been given a vote on the minimum wage, the issue still gets fuzzed.

This is not the way to treat something like the minimum wage which is so important not only to our low-income workers, but all who are concerned with fairness in the labor marketplace. This rule is a sign of only the most grudging support for the poorest and neediest of our workers.

In fact, the rule does not even guarantee a vote on the minimum wage because it leaves in place one more hurdle. Before we get to the minimum wage, the majority can force a vote on the question of consideration to prevent the amendment from coming up.

I am also disappointed that the rule permits so few amendments. During Rules Committee consideration, Democrats attempted to make in order other worthwhile provisions. One would permit taxpayers to deduct up to $5,000 a year for the cost of college or job training. Another amendment would allow penalty-free withdrawals from an IRA for people who have been unemployed for a long time. Another amendment would exclude from taxation employer-provided graduate education. All of these attempts were defeated along party-line votes.

Finally, I call to the attention of my colleagues the provision in House Resolution 440 which waives clause 5 of rule 21 requiring a three-fifths vote on measures raising taxes. This rule was written by the Republican leadership with great fanfare at the beginning of this Congress as a demonstration of their commitment to holding the line on new taxes. However, since it was established, the rule has been consistently waived. By again waiving this rule today, we are exposing it as an empty public relations gesture.

Mr. Speaker, it is time for us to proceed on the minimum wage increase, but not under this rule, which I must oppose.

Decent and honest working men and women should be able to earn a decent and honest living wage.

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

Mr. SOLOMON. Mr. Speaker, I yield 2½ minutes to the gentleman from Indiana [Mr. BURTON], one of the outstanding Members of this body since he came here back in, I believe, 1980.

Mr. BURTON of Indiana. Mr. Speaker, I appreciate the kind remarks of my colleague, the chairman of the Committee on Rules.

Mr. Speaker, one of the things that bothered me last year when the President vetoed the reconciliation bill was he gave a reason that I thought was just way off base, and that reason was that the 936 program, which gives tax credits to companies that go down to Puerto Rico and create jobs, was totally out of line.

There are companies in Puerto Rico today, pharmaceutical companies and others, that are getting as much as $200,000 in tax credits to hire one person making $50,000.

Let me repeat that. They are getting a $200,000 tax credit for some jobs where they only pay $50,000. And for the past 20 years, they were supposed to create jobs in Puerto Rico. They created 100,000 jobs, many of those people came from the United States to go down there. There were 100,000 jobs created. In the last 20 years, they have not created one more job, and we continue to give these huge tax credits. It is about $5 billion over a 5- to 6-year period; $5,000 million. These corporations do not want to give up these tax credits.

Now, we wanted to use these tax credit moneys as offsets for these other things in these bills so there would be some balance. In other words, we were going to do away with, phase out the 936 program, and use those tax credits, those moneys to offset other expenses in the bills that we are talking about here today. The President has said once again that would be a reason for him to veto it.

My Democrat colleagues talk about corporate welfare all the time. They say that they are against corporate welfare, and here is a classic example of corporate welfare that we could do something about and the President says he is going to veto it because of this issue.

Can you imagine, $200,000 in tax credits for one $50,000 jobs, $5 billion over 5 to 6 years, and they are not creating one job, and that is what they are supposed to do.

In addition to that, any money that they make in Puerto Rico, if they invest in Puerto Rican banks, it is tax exempt. They do not pay any taxes on it.

So I just would like to say to my colleagues, I hope that they will talk to the administration, I am talking about the Democrats and Republicans, because this is one area where we could save $5 billion. And if we were creating a lot of new jobs and it was not costing an arm and leg, if there was another way to handle it, maybe with some wage credits, I would say OK. But to give $5 billion, to give $200,000 in tax credits for a $50,000 job, when they are not creating one additional job in Puerto Rico, is just dead wrong.

So I think that we ought to talk to the administration. The 936 provision phaseout is in the bill. It ought to stay in the bill, and we ought to make sure this is not a reason for the President to veto it.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BONIOR], one of our very distinguished leaders.

Mr. BONIOR. Mr. Speaker, I thank my colleague for yielding me time.

Mr. Speaker, now I have seen it all. Now I can honestly say I have no idea what planet the Gingrich Republicans are living on. For months now, Democrats have been trying to raise the minimum wage. Five separate times we have offered a bill to raise the minimum wage, a clean bill.

Five times NEWT GINGRICH has blocked it. But now that public pressure is finally building, prompting them to act, now that they cannot block it or bury it or duck it or delay it any longer, we have a bill before us today that does not just raise the minimum wage, it actually repeals it for millions of Americans. This is just another attempt by NEWT GINGRICH and DICK ARMEY to kill the minimum wage.

When our Republican colleagues brought this to the floor, they understood the complexity of this rule. When are they going to learn? The American people do not want us to cut Medicare, they do not want us to cut Medicaid or student loans, and they do not want us to repeal the minimum wage. But we have before us today a rule that uses legislative sleight of hand, it bogs it down, it larges it up, and it slips a poison pill that will kill the hopes of raising the minimum wage for up to 10 million people.

So it is no wonder that two-thirds of the American people say that they are out of touch. This is an extreme act by an extreme Gingrich Congress that absolutely has no respect for working people and the work they do.

These folks work hard in this country, and they work some very tough jobs, and they do it because they want to be good role models for this kids, and they do it because they want to make something for themselves in this world. But instead of rewarding hard work, instead of rewarding their decision to choose work over welfare, and that is what we have been talking about here passionately for years, the Republicans are trying to give them a pay cut.

Just yesterday we found out that some of the most profitable companies in America are giving contracts to garment sweatshops that refuse to pay overtime and refuse to pay the minimum wage. But instead of coming to the floor today and condemning that type of action, you are actually trying to pass a bill that will encourage more of it and take literally millions of people off the minimum wage, will not even give them that.

Mr. Speaker, sweatshops, slave wages, and pay cuts may be NEWT GINGRICH'S idea of a revolution, but it is no way, it is no way, to build a better America. Let us have some respect for the hard work that these people do, and let us do what 85 percent of the American people want us to do. Let us have a clean vote. Raise the minimum wage. Vote against this rule, send it back to the Committee on Rules, and tell the Gingrich Republicans, no poison pills, no pay cuts; raise the minimum wage.

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

Mr. Speaker, the previous speaker said now he has heard everything. Well, let me tell you, now I have heard everything.

You know, there are many of us that would like to vote for the minimum wage increase, but we want to do something about relieving the tax burden and the regulatory burdens off the backs of small business. The backs of small business are what is so important here. Here we have legislation that is going to do just that, and include the minimum wage? Let me tell you something: Now I have heard everything. Boy.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Sanibel, FL [Mr. GOSS], a member of the Committee on Rules.

Mr. GOSS. Mr. Speaker, I thank my friend from Glens Falls, the distinguished Chairman of the Rules Committee Mr. SOLOMON, for yielding me this time.

Mr. Speaker, I rise in support of this rule. It's a carefully structured rule that will fulfill promises made to have a debate on several issues, including: measures to promote small business jobs, to clarify the rules regarding employees commuting in employer-owned vehicles, and to address the minimum wage. The latter has received the most attention, and I would like to take a moment to discuss it from the perspective of southwest Florida.

Those seeking an increase in the minimum wage have yet to recognize the unintentional damage it will do to many Americans working at the low-end of the pay scale. Despite the rhetoric, raising the minimum wage as proposed will not create a living wage. Not even close. What it will do is force many Americans out of work and put up new barriers for those people seeking employment. Specifically a major concern is that seniors would be hit especially hard by an increase in the minimum wage.

In southwest Florida, many retirees work part time at or near the minimum wage to supplement their retirement income. We have been notified many of these jobs would be eliminated should minimum wage be increased, leaving these seniors without the income that they need to make ends meet.

Additionally, the inflationary pressures that this increase causes will erode the financial stability of the millions of seniors living on fixed incomes.

Further, another concern is that in Florida, like most of the Nation, small businesses create the vast majority of new jobs. And despite our good efforts to help small businesses in this Congress, an increase in the minimum wage will financially strap the very employers that are the engine for new jobs.

Finally, I am concerned that some of this debate is rooted in politics rather than substance. To those in the minority, I would point out that this issue never came to the floor when they ran this House.

There was not one hearing in committee nor one vote on the floor. Indeed, the same President who is now demanding a minimum wage hike was arguing against one when he took office in 1993. The only hike he fought for then was a tax hike, the largest in History. Our real goal on the majority side has been to figure out the best way to help at-risk workers in our economy. Rather than shrinking the job market, we need to fix our tax structure so that people who are working can keep more of their own money. Efforts to reform the earned income tax credit and the payroll tax would more effectively benefit the families we are trying to help.

We know taxes consume an ever-increasing proportion of Americans' incomes—a significant factor in the decline in purchasing power of hard working Americans.

So today I urge my colleagues to reject the big government big union solution. Let's not hold back Americans trying to enter the work force; vote against hiking the minimum wage, and vote for job creation and support for small business. And support the rule that will allow us to make those choices.

□ 1730

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Speaker, I rise in opposition to the rule. For a year and a half Democrats in the House, in the Senate, and the Clinton administration have been calling for an increase in the minimum wage, and the overwhelming majority of Americans support our efforts.

The Republican majority leader said he would oppose the minimum wage increase with every fiber of his being. The Republican majority whip proclaimed that minimum wage families do not exist. And the chairman of the Republican Conference said that he would commit suicide before allowing a minimum wage increase.

Nevertheless, public opinion and the persistence of the Democratic Party, with the help of a few of our Republican colleagues, have brought us to this debate today to decide whether there will be a raise for hard-working, low-income individuals.

Amazingly, however, the rule that the Republican leadership has presented to this House denies us an up or down vote on a clean minimum wage increase and denies Democrats an opportunity to offer a single amendment. Only amendments offered by Republicans are allowed.

As the ranking Democrat on the committee of jurisdiction, I sought permission to offer three amendments, including an amendment to simply allow a clean vote on the minimum wage. I also asked the committee to allow me to offer an amendment that would remedy problems with the employee commuting bill. That bill would effectively eliminate the right of workers to choose how they will continue to work and what they can do while they are commuting.

Unless H.R. 1227 is fixed, employers may require employees to work without being paid for their services. At a time of unprecedented corporate profits and rapidly declining wages, this legislation would allow employers to steal both time and money from their workers.

Mr. Speaker, after much procrastination, the leadership of the House, under a cynical procedure, has now consented to vote on a measure to let workers get a long-needed raise. But there is no need to use this as a vehicle for raising the minimum wage. By defeating the previous question on the rule, this House can achieve what the American people are asking of us.

PARLIAMENTARY INQUIRY

Mr. SKAGGS. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore (Mr. HOBSON). The gentleman will state his inquiry.

Mr. SKAGGS. Mr. Speaker, I apologize, I may not have caught this when the rule was read to the House. It is my understanding that the underlying legislation includes a retroactive tax increase in connection with repeal of section 936. Is there a provision in this rule that waives the new rule that was so sanctimoniously passed at the beginning of this session prohibiting retroactive tax increases?

The SPEAKER pro tempore. The rule waives all such points of order against consideration.

Mr. SKAGGS. So it does waive that prohibition against retroactive tax provisions; is that correct, Mr. Speaker?

The SPEAKER pro tempore. It waives all such points of order.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume just to point out that there are no income tax rate increases in this legislation.

Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania, my good friend, Mr. GEKAS.

Mr. GEKAS. Mr. Speaker, on the issue of the minimum wage, I stand with the President of the United States. I support his concept enunciated in 1996 and when this election cycle began to bring additional earning power, as he saw it, to the minimum wage community of our country. I stand with the President.

PARLIAMENTARY INQUIRY

Mr. GEKAS. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman may state his parliamentary inquiry.

Mr. GEKAS. Mr. Speaker, am I permitted to go to the other podium now when I finish here?

The SPEAKER pro tempore. The gentleman may select his own place to speak.

Mr. GEKAS. Mr. Speaker, on the issue of the minimum wage, I stand with the President of the United States and oppose the elevation of the minimum wage, because the President has said, and I stand with him, before this election cycle began, before the rhetoric of the election year came down upon us, that he opposed the minimum wage because it is not the way to increase the earning power of the minimum wage community. So I stand with the President in opposing the elevation of the minimum wage.

Mr. Speaker, can you tell me where I stand? I stood over there, I have stood here. I stand for something about the minimum wage. The President does not know where he stands, I do not know which podium to use and where I stand. I think I am going to stand and stand and stand until I cannot stand it any more.

Mr. Speaker, the parts of the minimum wage that are sought to be increased are increases in the cost of living for many individuals, including our senior citizens community. Every time the minimum wage goes up or artificial income is created in any way, the prices at the supermarket also go up. And who are the first to suffer the consequences of that? The senior citizens of our country, the people on fixed incomes.

I stand with the senior citizens. Whether it is at this podium, I stand with the senior citizens.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker, I rise in opposition to this rule. My colleagues, if this rule passes, we have to

understand what the results of that might be.

If this rule passes it may be that many farm workers, migrant workers in this country, for the first time, would not even earn a minimum wage. The minimum wage would be stricken for many migrant workers in this country.

If this rule passes, it is likely that two-thirds of the businesses in America would be exempt from paying minimum wage increases to their employees.

If this rule passes, waiters and waitresses, laboring in America's restaurants, will be denied any increase in the minimum wage.

If this rule passes, many of the long traditional American protections, called child labor, will be removed from Federal law.

If this rule passes, it is likely that 18- and 19-year-old workers will work for no increase in the minimum wage.

Surely our Republican colleagues have not reached such an extreme that they would remove minimum wage protections entirely, no minimum wage guarantees, for millions of people in the American work force.

We all agree in a free marketplace, but the American people have long understood that an appropriate government tension is necessary if the free marketplace is to appropriately meet the needs of its workers. That is what minimum wage has done through the years.

This Republican Congress is about to pass a rule that will allow those things which I have delineated to happen in this country, except for one thing. The President of the United States has yesterday sent a letter to this House saying if we do these things, I will veto this bill.

Mr. SOLOMON. Mr. Speaker, may I inquire how much time we have remaining on either side?

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] has 14¼ minutes remaining, and the gentleman from Ohio [Mr. HALL] has 18 minutes remaining.

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

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. Mr. Speaker, the Republicans could not do it clean. They knew that the American people, over 80 percent, wanted an increase in the minimum wage law, and what they should have done is simply said they made a mistake and, yes, we are going to pass it.

But because they are so wrapped up in the throes of certain special interest groups that are eager to pay no minimum wage or eliminate the minimum wage, they had to bollix it up. And what they did is end up taking one step forward and two steps back, for while they do raise the minimum wage in this proposal, they take it away from anywhere from 3 to 10 million.

Does anyone in America believe that we should remove the minimum wage in the garment industry sweatshops, with industrial homework, with farm workers? With the Goodling amendment that is what their proposal will do.

As a result, they cannot come forward, those on the other side in the Republican Party, and say that they are for work and say that they are for justice and say that they are for fairness. Instead, the only thing they will be able to say after tonight's exercise is that they cared more about the selfish few who are unwilling to pay a mere $5.15 an hour for the worst and hardest kind of labor in America than they cared about making the American people who work hard day in, day out, those at the bottom end of the wage scale, receive a decent wage and move off welfare and on to work.

Ladies and gentlemen, if we want to look at the beginning of the end of the Republican majority in this body, look at this bill. Even on an issue where they know that they are wrong, they cannot do it straight, they cannot do it clean, and they cave in to special interests.

□ 1745

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Texas, Mr. GENE GREEN.

Mr. GENE GREEN of Texas. Mr. Speaker, I rise in opposition to this partially open rule, not in the effect that it has on the bill that affects small business and the tax cuts but the effect the rule has on the minimum wage bill.

After months of Democratic attempts to have a vote on raising the minimum wage, the House Republican leaders have at last allowed us a vote. This minimum wage bill, though, let me point out to the chairman of the Committee on Rules, never had a hearing in the Committee on Economic and Educational Opportunities, even though you gave credit to it earlier, we never had a public hearing, never had a vote on this bill. So now it is out here today but without having the committee hear the bill.

We should not be fooled by this sham of a bill. This could be April Fool's for the American workers. Now you see the wage increased, but now you do not. House Republicans have attached special interest provisions to exempt millions of people from the minimum wage. Now you see it; now you do not.

Working American families expect a clean up-and-down vote on a minimum wage increase, including those that are covered today, but not taking millions out of protections for minimum wage. Instead, they are caving in to the special interest groups. The restaurant lobby, they get to freeze their minimum wage for tip workers.

There is a training wage. We have heard this before. In 1990, there was an experiment with the training wage. It did not work. It did not work then and it will not work now. Also the amendment to exempt millions of workers who will lose minimum wage and fair labor standard protections. American families are working harder. We see the disparity in the income. The rich are getting richer, and we are trying to keep the poor from getting poorer but not with this bill. It is tough to get ahead when you cannot make enough money in your pockets to put food on you table.

This minimum wage legislation began in 1938 with 25 cents an hour. I have to admit that if it had taken the Republican votes to increase it over the years, we would not have had any increases.

I ask my colleagues not to allow millions of working American families who now earn $4.25 an hour to say, well, I am going to get an increase. No, you are not, not if you work in a business that earns less than $500,000.

Do not give it to them with one hand and take it away with another.

Mr. SOLOMON. Mr. Speaker, I am surprised at my friend, the previous speaker, because as I look at the record, he is complaining about the fact that we are bringing this bill up without previous hearings. He happened to vote in the last several weeks not to have public hearings when they tried to force a minimum wage on the floor. He did it on the debt limit bill. He did it on the public housing bill. He did it on the Marshall service bill. He did it on the Utah wilderness bill, as did most Democrats on that side of the aisle.

Let me say one other thing, the Parliamentarian will tell you that this amendment that he is referring to still includes and continues to apply to child labor laws.

Mr. Speaker, I yield 3 minutes to the gentleman from Huntington Beach, CA [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Speaker, I rise as a reluctant supporter of the rule before us today because the bill, H.R. 3448, repeals a part of Ronald Reagan's legacy, a tax provisions that encourages the creation of employee owned companies where the employees own a majority of the stock in the company. Employee ownership, I call it workers capitalism, because it turns laborers into employee owners and gives them a stake in the American dream.

We are talking about the opportunity of working Americans to share in the profit and success of their company and an opportunity they do not have as hourly wage earners.

Employee ownership is a Republican idea. It is a Democrat idea. It is as American an idea as homesteading and

homeownership. Years ago President Ronald Reagan teamed up with Democrat Senator Russell Long to craft laws promoting employee ownership. They set aside their partisanship to work together because employee ownership is a great idea.

Now we are dismantling part of that great idea. H.R. 3448 repeals the section 133 ESOP lender interest exclusion. This rule denies us the opportunity to change this unfortunate decision to diminish the incentives for employee ownership in our society.

I would like to remind my Republican colleagues that we are losing something we fought so desperately to keep only a few years ago. Chairman Rostenkowski proposed with doing away with the ESOP lender interest exclusion in 1989. It was Speaker GINGRICH, the gentleman from Texas, Mr. ARMEY, the gentleman from Texas, Mr. DELAY, and myself and other members of the conservative opportunity society who pounded our fists on the table and said, no. You do not dare, because this is not corporate welfare. It is not pork. It is an incentive to help working people capture a piece of the American dream.

It is ironic and more than a little frustrating that a Republican Congress is now voting to repeal an employee ownership provision that we fought so hard to protect only a few years ago.

I urge my colleagues on the Committee on Ways and Means to take this issue to heart and rally to the cause of employee ownership. The ESOP community would like to extend the benefits of employee ownership to sub S corporations, for instance. There are more than a dozen sub S provisions in H.R. 3448, but no employee ownership provision.

This bill has an estate tax provision but no provision to help smallest States transfer stock to ESOP's. Hopefully the next tax bill will contain such provisions.

We should be expanding the opportunities for employee ownership, not eliminating them as this rule and this bill would do.

I have a dilemma. H.R. 3448 also contains many small business tax provisions that I support. So I will cast my vote in favor of this rule with reluctance but hope that in the future the Republicans and Democrats can work together to expand the very basic fundamental dream of America, and that is for all Americans to have the opportunity to own their own home and, yes, own part of their own business.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I rise in opposition to this deceptive rule. This rule does not provide a free and fair vote on the minimum wage. This rule will permit matter other than the minimum wage increase to be part of the vote. That is not a vote on the minimum wage. This rule would permit sweeping exemptions. Many who favor the minimum wage increase do not favor these exemptions. That is not a vote on the minimum wage. The American people have demanded, and the Republican leadership had promised a vote on the minimum wage. This rule provides for a vote on a disguised and costumed minimum wage. This rule reflects a promise that was made and not kept. It is clear that the Republican leadership will do anything to deny a straight-forward, up or down vote on increasing the minimum wage.

Once again, they have chosen to hurt millions of low-wage workers in order to give a break to big business. Those of us who support a clean vote on the minimum wage want simply to help pave a path to the future for the poverty level workers of America. Those who oppose a clean vote want to keep those workers trapped in the past. Supporters of a clean vote want to open doors for the millions who do not want charity but a chance to earn a livable wage. Opponents of a clean vote want to slam the door of opportunity and keep it tightly closed. We want to mainstream workers. They want to continue their extreme ways. The Goodling amendment, permitted by this rule, would lower wages for workers who now earn the current minimum wage. Instead of increasing the wage, this amendment decreases the minimum wage.

During this debate, both sides will focus on what they perceive to be the facts of minimum wage. I hope neither side will forget the faces of minimum wage. The faces are the children of minimum wage workers, those young people who have been pushed into poverty, even though their parents work. The faces are millions of women, many of them single heads of households, who have been thrust into a spinning spiral because it takes a miracle to make ends meet on today's minimum wage.

The faces are the minimum wage men, far too many of whom are angry and frustrated because it is impossible to be a proud father on $8,400 dollars a year.

The faces are the families that do not function because the minimum wage provides a little something to wear and a little something to eat, but not much more. In the cool comfort of these hallowed halls, we will argue the facts, but as we do, try to imagine the faces. For many, this issue is about more than opinions and numbers. All of us should want what is best for Americans. What is best for Americans is a job, at a fair wage, with dignity and respect—a livable wage. Reject this rule. It is a cruel hoax.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Speaker, Candidate DOLE said earlier this year that he did not realize that jobs and trade and what makes America work would become a big issue in this campaign. A few weeks ago the House Republican majority whip claimed that families trying to live on $4.25 an hour do not really exist. Just what planet are these people on? It appears that the Republican leadership's social circle is restricted to those who are already doing quite well, nicely, thank you. In fact, according to this week's Forbes magazine, the bible of the Republican Party, the median income of the CEO's, of the 800 biggest companies in America was $1.5 million, up 15 percent from last year.

When it comes to salaries, Republicans apparently subscribe to the Forbes doctrine: more dough for the CEO, but not even a dollar if you are blue collar, while corporate chieftains may be breaking out the champagne and caviar in the boardrooms this year, millions of American families are still scraping to make ends meet.

Indeed, the Republican majority leader has promised corporate America that he will resist an increase in the minimum wage with every fiber in his being. It is just like Harry Truman always said, the Republican Party supports a minimum wage, the lower the minimum the better for the working people in this country. Unfortunately, the GOP leadership has now loaded up the bill with a grabbag of back-door bennies for their broadroom buddies.

They just cannot stop themselves. Clearly, Republican leaders in Washington are out of touch with the needs of ordinary Americans.

Yesterday this body voted with much fanfare to repeal the gas tax. That is $15 for each American. The minimum wage is $1,800 a year for working Americans.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Miami, FL [Mr. DIAZ-BALART], a member of the Committee on Rules.

Mr. DIAZ-BALART. Mr. Speaker, I want to thank the chairman of Committee on Rules for yielding time to me.

I was listening to this debate. I had to come down because of this, I did not think that it was on the same rule that we worked on in the Committee on Rules that this debate was on. Apparently there is just a tremendous misconception or purposeful falsehoods being thrown by the other side. I do not really know if some may really believe what they are saying.

Let us be clear as to what this rule permits. It permits an upon-or-down vote on an amendment that would be introduced by the gentleman from California [Mr. RIGGS] and the gentleman from New York [Mr. QUINN] to raise the minimum wage from $4.25 an hour to $5.15 an hour. That is a fact, cannot be denied.

The Democrats time after time after time again on procedural motions, they propose nongermane amendments or on questions on the previous question, motions to move the previous question, and they say that they are votes on the minimum wage, when they are not votes on the minimum wage many times. This is a vote on an increase in the minimum wage from $4.25 to $5.15. I want all my friends on the other side who are going to vote no on this rule to know that, when they vote no on this rule, they will be voting against the minimum wage. None of these falsehoods that are being thrown over now can cover that fact.

If my colleagues vote against this rule, the Democrats, even though they have presented all those nongermane motions before to say that they want to support the minimum wage, even though when they had the majority they did not propose the minimum wage, and when they had the Presidency and the majority they did not propose an increase in the minimum wage, today despite the fact that our leadership opposes an increase in the minimum wage, they are permitting an up or down vote on it.

So I just want my colleagues to know, despite all these speeches we have heard here which I thought were on another bill and on another rule, what they will be voting on, and they cannot hide it anymore, they cannot hide it. I want it to be clear.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, what a cruel hoax the last speaker from the other side of the aisle is trying to pull on the American people. The choice here essentially under this rule is either vote for the minimum wage increase for some workers and at the same time eliminate minimum wage protection for probably the vast majority of those 10 million or so Americans that are now receiving the minimum wage, or simply vote the rule down and we will not bring up the minimum wage at all.

That is exactly the cruel hoax we are playing on the American people today. What the Republican leadership is doing is setting up this bill for defeat because they know that, if they have this exemption under the Goodling amendment that is going to take out so many people from any minimum wage protection, they know that the President cannot sign that bill. So they are making it impossible for a real minimum wage increase for the average American worker to be brought up on this floor and to be passed by both Houses and go to the President. It is a hoax because they are opposed to minimum wage protection. They do not care about the little guy.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute and 10 seconds to the gentleman from Wisconsin [Mr. ROTH].

□ 1800

Mr. DIAZ-BALART. Mr. Speaker, will the gentleman yield?

Mr. ROTH. I yield to the gentleman from Florida.

Mr. DIAZ-BALART. Mr. Speaker, I thank the gentleman from Wisconsin for yielding.

The vote on the limitation of the minimum wage, the $500,000 cap, that is an amendment that is made in order. So we get the vote on the minimum wage, up or down, and if our colleagues do not want to limit, vote for the limiting amendment, they vote "no" on the amendment.

Do my colleagues have it clear now?

Mr. ROTH. Mr. Speaker, I want to say that the chairman of the Committee on Rules is the most decent, fairest, the most patriotic Member we have in this body, and I appreciate him yielding me this time.

This is a good rule, but I have to say something for people who cannot speak for themselves, and no one will speak for them on the floor of this House.

When people come here and say they are going to repeal 936, what they are doing really is hurting the people of Puerto Rico who no one is speaking for. Three-hundred thousand jobs are going to be lost if we do that because one out of every three jobs in Puerto Rico is due to 936. This is going to force thousands of people from Puerto Rico back to New York, New Jersey, and Florida and other places.

As Paul Harvey said, "What is the rest of the story?" The rest of the story is that 936 really is a free enterprise zone for the people of Puerto Rico. Puerto Rico's current per capita income is $6,500, roughly half of that of the poorest of States in the United States. If we eliminate 936, the economic incentives it provides for the island, this island is going to suffer tremendously economically. I do not think we want to do that.

The cost of these changes could very easily exceed the very modest savings we are going to get from eliminating these incentives. Over and above the profound economic impetus that 936 gives to Puerto Rico, this is going to be devastating to the island's economy, and I ask that we revisit and look at that 936 repeal.

Before I came to Congress, I owned and operated a small business in Appleton, WI. I know firsthand that small businesses in this country deserve some much-needed tax relief. The Small Business Protection Act is a good bill that will go a long way in lifting the heavy tax burden that is stifling America's engines of economic growth, our small businesses.

My support for this tax relief, my friends, is tempered by the manner in which we plan to pay for it. Under the legislation we are considering today, these tax cuts are to be offset in large part by retroactively repealing IRC section 936. Section 936, as many of you know, provides for certain tax incentives for corporations operating in the Commonwealth of Puerto Rico. It is also the single biggest rason Puerto Rico has prospered into the mature, financially stable democracy that it is today.

Section 936 is, quite simply, one of the lifebloods of the Puerto Rican economy. Over the 21 years that it has been in effect, section 936 has spurred development and economic activity throughout all sectors of the Puerto Rican economy. Today, it is responsible for over 300,000 direct and indirect jobs in the island's economy, fully one-third of all the jobs in Puerto Rico.

Make no mistake, my friends. This is not so-called corporate welfare. Section 936 effectively creates an enterprise zone in Puerto Rico, using market-driven tax incentives to spur investment and create employment opportunities. Every penny that is spent in this capacity is recoupled 10 times over in the job creation and economic development that results.

Section 936 also serves as the backbone to the financial system in the commonwealth of Puerto Rico. In fact, it is responsible for $6 billion in direct investments in the island, in addition to over $9 billion deposited in Puerto Rican financial institutions. This $15 billion provides the Puerto Rican economy with a significant source of liquidity and stability for its financial market.

This proposal will have other costs as well. In particular, 936 funds in Puerto Rico are used for a number of innovative and socially beneficial purposes. Perhaps the best example is the Conservation Trust of Puerto Rico. The Trust, a non-profit, public interest trust jointly created in 1970 by the U.S. Department of the Interior and the Government of Puerto Rico, exists to preserve the natural and historic resources of Puerto Rico.

During the past 13 years, the Conservation Trust has been authorized to make use of a creative financial mechanism through section 936 to collect funds in order to pursue its conservation plan. In fact, because of this, the Trust has never received any direct funding from either the local or Federal Government.

I have seen firsthand the excellent work the Trust has done. I can testify to the importance of their mission, as well as to the effectiveness of their efforts. The value of this service to the island and people of Puerto Rico is inestimable. The Trust is responsible for almost 80 percent of all the land acquired for permanent conservation purposes in Puerto Rico by all public or private entities during the last 20 years. More importantly, the Trust plays a vital role in educating the Puerto Rican people, and in particular the younger generations, about their cultural and historic birthright.

The immediate elimination of section 936 would deal a severe blow to the Conservation Trust and other organizations like it. Eighty percent of the Trust's annual revenues would disappear overnight. The vast majority of Puerto Rico's land conservation efforts would grind to a halt, and the preservation and management of existing properties would be significantly jeopardized.

Section 936 has been a fixture of the Puerto Rican economy for 21 years. Over that period of time, the island's financial community has developed an infrastructure that depends on 936 funds.

While I am devoted to the goal of giving our small businesses some much-needed tax relief, I feel that we must be mindful of the consequences of our actions today. Section 936 plays an integral role in Puerto Rico's economy. If we eliminate the ounce of prevention that Section 936 represents in the overall budget equation, we may end up paying for the pound of cure that will result.

Puerto Rico's current per capita income is $6,500, roughly one-half that of the poorest State in the U.S. If we eliminate section 936 and the economic incentives it provides, the island economy will suffer tremendously. Island poverty and unemployment rates will rise, as will the costs of welfare and unemployment benefits to the residents of Puerto Rico. The cost of these changes could very easily exceed the very modest savings we stand to gain from eliminating these incentives. Over and above the profound economic impetus section 936 provides for the American citizens of Puerto Rico, it also relieves us from expenditures we would otherwise have to make on the island.

Section 936 is an investment in the island of Puerto Rico—in its economy, in its people, in its future. Retroactively repealing this tax credit will stunt the island's economic growth, imperil hundreds of thousands of Puerto Rican jobs and possibly undo two decades of significant and steady economic improvement. We owe it to the people of Puerto Rico, our friends, neighbors, and fellow citizens, to seriously consider the implications of the repeal of section 936 as we vote on the Small Business Job Protection Act.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. WATT].

Mr. WATT of North Carolina. Mr. Speaker, I want to go back to this point about whether this is, in fact, a minimum wage bill or is it a doing away with the minimum wage bill? Because at the end of the day all of my colleagues need to understand this:

There are 75 percent of the businesses in this country which have gross incomes of less than $500,000 a year. Those businesses employ over 10 million people, and for those people, this bill would do away with the minimum wage, do away with overtime. No such thing as overtime pay for those anymore.

So, I hope the gentleman who was up here talking about this as a minimum wage bill will understand that for those 10 million people this is not a minimum wage bill; this is a bill that does away with the minimum wage, does away with any payment for them for even overtime work that they do.

Mr. SOLOMON. Mr. Speaker, I yield myself 1 minute just to say that it is absolutely not true that millions of American workers will no longer be covered by the Fair Labor Standards Act. Nothing could be further from the truth. Why, the language provides a grandfather clause that retains coverage for any employee who is presently covered by the FLSA while they are employed by that small business.

Further, any employer who fails to maintain the current coverage is in violation of the law, and that employee may file a complaint with the Department of Labor. No presently covered worker will lose coverage, and any employer that tries to do so will be punished by the law in New York State and Michigan and every other State. Every other State that has a minimum wage law now is not even affected by this.

Mr. Speaker, I yield 2 minutes to the gentleman from Claremont, CA [Mr. DREIER], a member of the Committee on Rules and my very good friend.

Mr. DREIER. Mr. Speaker, I consider the gentleman from North Carolina [Mr. WATT] to be one of my very good friends, and does he want me to yield him 10 seconds?

Mr. WATT of North Carolina. Yes, Mr. Speaker, I am happy to have the gentleman yield.

What about all those new employees?

Mr. DREIER. Mr. Speaker, let me reclaim my time and say that I think it is very important for us to take just a moment to recognize that we all share the same goal. Every single Member in this House wants to have the opportunity to encourage those who are at the lower end of the economic spectrum. The unfortunate thing is that on the other side of the aisle there seems to be a lack of desire to put into place the kinds of small business incentives which economists who believe in the free market are convinced will be necessary to help those at the lower end of the economic spectrum. It is fascinating.

I am one who believes that increasing a federally mandated minimum wage is a job killer, it is something that is going to jeopardize opportunities at the lower end of the economic spectrum. But we have recognized that a majority of the Members of this House want to have an up or down vote, and so we are giving the membership an opportunity to have that vote. But those on the other side of the aisle who had a chance for the last several years to have that up or down vote have never seized the opportunity.

I also believe that it is important for us to realize that as we look at the tax and regulatory burden that exists for those businesses that are trying to create jobs, that are trying to get those from welfare on to the working roles are in the present situation denied that opportunity, and yet this rule allows us to proceed with that. That is why I hope very much that my colleagues in a bipartisan way will support this rule, which provides a wide range of opportunities for people who are supportive of increasing the minimum wage, those who are opposed to increasing the minimum wage, a wide range of opportunities for them to create economic opportunity for those at the lower end of the spectrum.

Support this rule.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, I strongly oppose the Gingrich-Armey rule to kill the minimum wage. This rule denies the people's House the ability to carry out the people's will and to raise the minimum wage.

The Republican leadership called for hearings on the minimum wage, stalled for months with every procedural trick in the book. Now we see yet another trick, an amendment to increase the minimum wage will be followed by a killer amendment to make sure that millions of American workers at small firms would never see an increase come payday, and worse, some would lose the minimum-wage protection that they now enjoy. Two-thirds of the firms would be excluded, excluded from dealing with the minimum wage.

The Republican leadership has been against the American workers and raising the minimum wage from the beginning. What this rule gives with one hand, it takes with the other, and then some. Not only does the rule seek to repeal the minimum wage for millions of workers, it seeks to role back the Fair Labor Standards Act and open the door to sweatshops and to child labor.

The American people want to move forward to higher wages and rising living standards. This rule is wrong.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Syracuse, NY [Mr. WALSH].

Mr. WALSH. Mr. Speaker, I rise in strong support of this rule.

Our party, the Republican Party, the majority party in America today, represents many views. But we are united in our commitment to debate all of the important issues.

Unlike the minority party, the Democrats who lost their majority because they bottled up the votes on issues like term limits, balanced budget, and the minimum wage: big talk, no action, no courage, no conviction.

Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON] and his colleagues on the Committee on Rules. This rule gives us our vote. This increase in the minimum wage will help seniors in conjunction with our raising of the earnings limit for Social Security recipients, it will help kids save for college, it will help get people off of welfare and back to work, and it will help small business pay for it.

Mr. SOLOMON. I yield such time as he may consume to the gentleman from Massachusetts [Mr. TORKILDSEN].

Mr. TORKILDSEN. Mr. Speaker, I rise in strong support of this extremely fair rule.

While I do not agree with every amendment made in order and every provision of these two bills, I feel strongly that the Rules Committee has done an excellent job in ensuring that all voices are heard in this debate. This

rule gives supporters and opponents of the minimum wage the opportunity to state their cases, and key amendments allow all Members to express their own opinions and vote accordingly.

Those who argue against this rule are some of the same people who, as part of the Democrat Congress, did not even give this provision an opportunity for a vote on the floor. It is a Republican Congress that is bringing this issue to the floor for a vote, while the Democrats stifled this vote for the past few years.

I commend the leadership and the Committee on Rules for turning the tide for American workers by allowing this debate on the House floor. Support minimum wage by supporting this rule.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from Vermont [Mr. SANDERS].

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

Mr. Speaker, the most important economic issue facing this country is that the people on top, the wealthiest people, are becoming richer, the middle class is shrinking, and more and more of the new jobs that we are creating in this country are low-wage jobs paying people $4.25 an hour, $4.50 an hour, $5 an hour. The minimum wage today in terms of purchasing power is at its lowest point in 40 years.

Mr. Speaker, the American people want and the working people want to see a situation in which every working person in this country can work 40 hours a week and not live in poverty. It is incumbent upon this body to have an opportunity to vote for a clean up-or-down increase in the minimum wage.

Our Republican friends say the Democrats should have raised the minimum wage 2 years ago. They are right; they should have, and I had a bill in the hopper to do just that. But 2 years later means more and more people are living in poverty. Two years later means that today finally we should increase the minimum wage.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS].

Mr. LEWIS of Georgia. Mr. Speaker, how can these mean-spirited Republicans, too cheap to pay a worker $5.15 an hour, claim they care about American workers? This is not a Third World country. We do not tolerate sweatshops in America. We do not have slave labor, starvation wages. This is 1996. It is the dawn of the 21st century.

Radical Republicans would take us back to the 19th century, no minimum wage, no support for working families, for those who work hard, play by the rules, and strive to improve the lives of their families, their children.

Republicans give tax breaks to corporate bigwigs who make millions of dollars each year, but they think that 9-to-5 workers are overpaid. They think $8,000 a year is too much.

This is not just extreme, it is nuts, it is downright crazy. Extreme, mean-spirited Republicans offer the American people a simple choice: Do we live in the 21st century or the 19th century; do we pay livable wages or starvation wages?

I say, my colleagues, it is time to stand up to these right-wing extremists, to stand up for hard-working American families. It is time to raise the minimum wage, not repeal it.

We cannot go back. We must not go back. We will not go back. Defeat this rule.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Bentonville, AR [Mr. HUTCHINSON].

Mr. HUTCHINSON. Mr. Speaker, I want to respond. I rise in support of the rule; I support the rule because it, in fact, will give us a clean, straight up and down vote on the minimum-wage increase, and I applaud our leadership in allowing that vote.

I am going to vote against the minimum wage because I think it is misdirected, it is election year politics, it is not real compassion, it is a job killer, and that is the truth. It is not the economists, the gentleman from Texas [Mr. ARMEY] and the gentleman from California [Mr. CAMPBELL], alone that are saying that, but the overwhelming economists in this country. In 1993 a survey of 22,000 economists in the United States; I suppose they probably are all right-wing extremists, those 22,000 economists, 77 percent of which said raising the minimum wage will lead to a loss of jobs in this country.

So I suggest to my colleagues this is not real compassion, else they would have raised it 2 years ago when they controlled the House, the Senate, and the White House and it was never even brought up for a vote.

What it is is election year posturing. This is not real compassion; it is not compassion to take that single mother with two children and say, "You are going to lose your job so we can play politics with the American economy."

That is wrong.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas [Ms. JACKSON-LEE].

□ 1815

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from Texas for yielding time to me.

Mr. Speaker, let me provide this body with a few facts that might help to clear up whether or not we should, in fact, have a clean vote on the minimum wage for the American people.

First of all, fact: We have not raised the minimum wage more than seven times in the 58-year history.

Fact: In the city of Houston, which I represent, there are 125,000 households with salaries of $25,000 or less. The average weekly hours of work for minimum-wage workers is 34 hours; 2.1 million people are employed at the minimum rate, and 77.1 percent of them are adults, with another 1.9 million people employed below the minimum wage.

Mr. Speaker, there is a need for a bill that applies to the American people, to give them a decent wage; that is, to increase the minimum wage. This rule is a minimum-wage killer. It is a poison pill which we all would like not to take. Let us stand up for working women; 59 percent of them are on minimum wage. And why do we not realize that the fact is in New Jersey, when they increased the minimum wage they increased jobs. Let us increase jobs, increase the minimum wage.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I just was in a markup, so I walked onto the floor and was not able to get my chart up here. But if I had it, it would be a picture that I bring to the floor every time we have this debate on the minimum wage. It is a split screen cartoon. At the top it says, "How long does it take to make $8,440?" And on one side it has a full-time minimum-wage worker and it says under there, "One year". On the other side it has an executive, and it says, "The average executive CEO of a large corporation in America, one-half a day."

Think of the immorality of it all. It is fine for somebody to be successful and to make that kind of money, as long as it is not at the exploitation of others at the low end. We have to respect work. We have to raise the morale of the worker in America by saying, "Your full-time employment should be a decent, living wage for you and your family." Consider, two minimum-wage earners are still below the poverty line in a family of four. I urge my colleagues to oppose the rule and to support the minimum wage.

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

Mr. Speaker, at the beginning of this Congress the Republican majority claimed that the House was going to consider bills under an open process.

I would like to point out that 68 percent of the legislation this session has been considered under a restrictive process.

Mr. Speaker, I include for the RECORD certain extraneous materials.

The materials referred to are as follows:

FLOOR PROCEDURE IN THE 104TH CONGRESS 1ST SESSION; COMPILED BY THE RULES COMMITTEE DEMOCRATS

Bill No.	Title	Resolution No.	Process used for floor consideration	Amendments in order
H.R. 1*	Compliance	H. Res. 6	Closed	None.
H. Res. 6	Opening Day Rules Package	H. Res. 5	Closed; contained a closed rule on H.R. 1 within the closed rule	None.
H.R. 5*	Unfunded Mandates	H. Res. 38	Restrictive; Motion adopted over Democratic objection in the Committee of the Whole to limit debate on section 4; Pre-printing gets preference.	N/A.
H.J. Res. 2*	Balanced Budget	H. Res. 44	Restrictive; only certain substitutes; PQ	2R; 4D.
H. Res. 43	Committee Hearings Scheduling	H. Res. 43 (OJ)	Restrictive; considered in House no amendments	N/A.
H.R. 101	To transfer a parcel of land to the Taos Pueblo Indians of New Mexico.	H. Res. 51	Open	N/A.
H.R. 400	To provide for the exchange of lands within Gates of the Arctic National Park Preserve.	H. Res. 52	Open	N/A.
H.R. 440	To provide for the conveyance of lands to certain individuals in Butte County, California.	H. Res. 53	Open	N/A.
H.R. 2*	Line Item Veto	H. Res. 55	Open; Pre-printing gets preference	N/A.
H.R. 665*	Victim Restitution Act of 1995	H. Res. 61	Open; Pre-printing gets preference	N/A.
H.R. 666*	Exclusionary Rule Reform Act of 1995	H. Res. 60	Open; Pre-printing gets preference	N/A.
H.R. 667*	Violent Criminal Incarceration Act of 1995	H. Res. 63	Restrictive; 10 hr. Time Cap on amendments	N/A.
H.R. 668*	The Criminal Alien Deportation Improvement Act	H. Res. 69	Open; Pre-printing gets preference; Contains self-executing provision	N/A.
H.R. 728*	Local Government Law Enforcement Block Grants	H. Res. 79	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference	N/A.
H.R. 7*	National Security Revitalization Act	H. Res. 83	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference; PQ	N/A.
H.R. 729*	Death Penalty/Habeas	N/A	Restrictive; brought up under UC with a 6 hr. time cap on amendments	N/A.
S. 2	Senate Compliance	N/A	Closed; Put on Suspension Calendar over Democratic objection	None.
H.R. 831	To Permanently Extend the Health Insurance Deduction for the Self-Employed.	H. Res. 88	Restrictive; makes in order only the Gibbons amendment; Waives all points of order; Contains self-executing provision; PQ.	1D.
H.R. 830*	The Paperwork Reduction Act	H. Res. 91	Open	N/A.
H.R. 889	Emergency Supplemental/Rescinding Certain Budget Authority	H. Res. 92	Restrictive; makes in order only the Obey substitute	1D.
H.R. 450*	Regulatory Moratorium	H. Res. 93	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference	N/A.
H.R. 1022*	Risk Assessment	H. Res. 96	Restrictive; 10 hr. Time Cap on amendments	N/A.
H.R. 926*	Regulatory Flexibility	H. Res. 100	Open	N/A.
H.R. 925*	Private Property Protection Act	H. Res. 101	Restrictive; 12 hr. time cap on amendments; Requires Members to pre-print their amendments in the Record prior to the bill's consideration for amendment, waives germaneness and budget act points of order as well as points of order concerning appropriating on a legislative bill against the committee substitute used as base text.	1D.
H.R. 1058*	Securities Litigation Reform Act	H. Res. 105	Restrictive; 8 hr. time cap on amendments; Pre-printing gets preference; Makes in order the Wyden amendment and waives germaneness against it.	1D.
H.R. 988*	The Attorney Accountability Act of 1995	H. Res. 104	Restrictive; 7 hr. time cap on amendments; Pre-printing gets preference	N/A.
H.R. 956*	Product Liability and Legal Reform Act	H. Res. 109	Restrictive; makes in order only 15 germane amendments and denies 64 germane amendments from being considered; PQ.	8D; 7R.
H.R. 1158	Making Emergency Supplemental Appropriations and Rescissions	H. Res. 115	Restrictive; Combines emergency H.R. 1158 & nonemergency 1159 and strikes the abortion provision; makes in order only pre-printed amendments that include offsets within the same chapter (deeper cuts in programs already cut); waives points of order against three amendments; waives cl 2 of rule XXI against the bill, cl 2, XXI and cl 7 of rule XVI against the substitute; waives cl 2(e) of rule XXI against the amendments in the Record; 10 hr time cap on amendments. 30 minutes debate on each amendment.	N/A.
H.J. Res. 73*	Term Limits	H. Res. 116	Restrictive; Makes in order only 4 amendments considered under a "Queen of the Hill" procedure and denies 21 germane amendments from being considered.	1D; 3R
H.R. 4*	Welfare Reform	H. Res. 119	Restrictive; Makes in order only 31 perfecting amendments and two substitutes; Denies 130 germane amendments from being considered; The substitutes are to be considered under a "Queen of the Hill" procedure; All points of order are waived against the amendments.	5D; 26R.
H.R. 1271*	Family Privacy Act	H. Res. 125	Open	N/A.
H.R. 660*	Housing for Older Persons Act	H. Res. 126	Open	N/A.
H.R. 1215*	The Contract With America Tax Relief Act of 1995	H. Res. 129	Restrictive; Self Executes language that makes tax cuts contingent on the adoption of a balanced budget plan and strikes section 3006. Makes in order only one substitute. Waives all points of order against the bill, substitute made in order as original text and Gephardt substitute.	1D.
H.R. 483	Medicare Select Extension	H. Res. 130	Restrictive; waives cl 2(1)(6) of rule XI against the bill; makes H.R. 1391 in order as original text; makes in order only the Dingell substitute; allows Commerce Committee to file a report on the bill at any time.	1D.
H.R. 655	Hydrogen Future Act	H. Res. 136	Open	N/A.
H.R. 1361	Coast Guard Authorization	H. Res. 139	Open; waives sections 302(f) and 308(a) of the Congressional Budget Act against the bill's consideration and the committee substitute; waives cl 5(a) of rule XXI against the committee substitute.	N/A.
H.R. 961	Clean Water Act	H. Res. 140	Open; pre-printing gets preference; waives sections 302(f) and 602(b) of the Budget Act against the bill's consideration; waives cl 7 of rule XVI, cl 5(a) of rule XXI and section 302(f) of the Budget Act against the committee substitute. Makes in order Shuster substitute as first order of business.	N/A.
H.R. 535	Corning National Fish Hatchery Conveyance Act	H. Res. 144	Open	N/A.
H.R. 584	Conveyance of the Fairport National Fish Hatchery to the State of Iowa.	H. Res. 145	Open	N/A.
H.R. 614	Conveyance of the New London National Fish Hatchery Production Facility.	H. Res. 146	Open	N/A.
H. Con. Res. 67	Budget Resolution	H. Res. 149	Restrictive; Makes in order 4 substitutes under regular order; Gephardt, Neumann/Solomon, Payne/Owens, President's Budget if printed in Record on 5/17/95; waives all points of order against substitutes and concurrent resolution; suspends application of Rule XLIX with respect to the resolution; self-executes Agriculture language; PQ.	3D; 1R.
H.R. 1561	American Overseas Interests Act of 1995	H. Res. 155	Restrictive; Requires amendments to be printed in the Record prior to their consideration; 10 hr. time cap; waives cl 2(1)(6) of rule XI against the bill's consideration; Also waives sections 302(f), 303(a), 308(a) and 402(a) against the bill's consideration and the committee amendment in order as original text; waives cl 5(a) of rule XXI against the amendment; amendment consideration is closed at 2:30 p.m. on May 25, 1995. Self-executes provision which removes section 2210 from the bill. This was done at the request of the Budget Committee.	N/A.
H.R. 1530	National Defense Authorization Act; FY 1996	H. Res. 164	Restrictive; Makes in order only the amendments printed in the report; waives all points of order against the bill, substitute and amendments printed in the report. Gives the Chairman en bloc authority. Self-executes a provision which strikes section 807 of the bill; provides for an additional 30 min. of debate on Nunn-Lugar section; Allows Mr. Clinger to offer a modification of his amendment with the concurrence of Ms. Collins; PQ.	36R; 18D; 2 Bipartisan.
H.R. 1817	Military Construction Appropriations; FY 1996	H. Res. 167	Open; waives cl. 2 and cl. 6 of rule XXI against the bill; 1 hr. general debate; Uses House passed budget numbers as threshold for spending amounts pending passage of Budget; PQ.	N/A.
H.R. 1854	Legislative Branch Appropriations	H. Res. 169	Restrictive; Makes in order only 11 amendments; waives sections 302(f) and 308(a) of the Budget Act against the bill and cl. 2 and cl. 6 of rule XXI against the bill. All points of order are waived against the amendments; PQ.	5R; 4D; 2 Bipartisan.
H.R. 1868	Foreign Operations Appropriations	H. Res. 170	Open; waives cl. 2, cl. 5(b), and cl. 6 of rule XXI against the bill; makes in order the Gilman amendments as first order of business; waives all points of order against the amendments; if adopted they will be considered as original text; waives cl. 2 of rule XXI against the amendments printed in the report. Pre-printing gets priority (Hall) (Menendez) (Goss) (Smith, NJ); PQ.	N/A.
H.R. 1905	Energy & Water Appropriations	H. Res. 171	Open; waives cl. 2 and cl. 6 of rule XXI against the bill; makes in order the Shuster amendment as the first order of business; waives all points of order against the amendment; if adopted it will be considered as original text. Pre-printing gets priority.	N/A.
H.J. Res. 79	Constitutional Amendment to Permit Congress and States to Prohibit the Physical Desecration of the American Flag.	H. Res. 173	Closed; provides one hour of general debate and one motion to recommit with or without instructions; if there are instructions, the MO is debatable for 1 hr; PQ.	N/A.
H.R. 1944	Recissions Bill	H. Res. 175	Restrictive; Provides for consideration of the bill in the House; Permits the Chairman of the Appropriations Committee to offer one amendment which is unamendable; waives all points of order against the amendment; PQ.	N/A.

FLOOR PROCEDURE IN THE 104TH CONGRESS 1ST SESSION; COMPILED BY THE RULES COMMITTEE DEMOCRATS—Continued

Bill No.	Title	Resolution No.	Process used for floor consideration	Amendments in order
H.R. 1868 (2nd rule)	Foreign Operations Appropriations	H. Res. 177	Restrictive; Provides for further consideration of the bill; makes in order only the four amendments printed in the rules report (20 min. each). Waives all points of order against the amendments; Prohibits intervening motions in the Committee of the Whole; Provides for an automatic rise and report following the disposition of the amendments; PQ.	N/A.
H.R. 1977 *Rule Defeated*	Interior Appropriations	H. Res. 185	Open; waives sections 302(f) and 308(a) of the Budget Act and cl 2 and cl 6 of rule XXI; provides that the bill be read by title; waives all points of order against the Tauzin amendment; self-executes Budget Committee amendment; waives cl 2(e) of rule XXI against amendments to the bill; Pre-printing gets priority; PQ.	N/A.
H.R. 1977	Interior Appropriations	H. Res. 187	Open; waives sections 302(f), 306 and 308(a) of the Budget Act; waives clauses 2 and 6 of rule XXI against provisions in the bill; waives all points of order against the Tauzin amendment; provides that the bill be read by title; self-executes Budget Committee amendment and makes NEA funding subject to House passed authorization; waives cl 2(e) of rule XXI against the amendments to the bill; Pre-printing gets priority; PQ.	N/A.
H.R. 1976	Agriculture Appropriations	H. Res. 188	Open; waives clauses 2 and 6 of rule XXI against provisions in the bill; provides that the bill be read by title; Makes Skeen amendment first order of business, if adopted the amendment will be considered as base text (10 min.); Pre-printing gets priority; PQ.	N/A.
H.R. 1977 (3rd rule)	Interior Appropriations	H. Res. 189	Restrictive; provides for the further consideration of the bill; allows only amendments pre-printed before July 14th to be considered; limits motions to rise.	N/A.
H.R. 2020	Treasury Postal Appropriations	H. Res. 190	Open; waives cl. 2 and cl. 6 of rule XXI against provisions in the bill; provides the bill be read by title; Pre-printing gets priority; PQ.	N/A.
H.J. Res. 96	Disapproving MFN for China	H. Res. 193	Restrictive; provides for consideration in the House of H.R. 2058 (90 min.) And H.J. Res. 96 (1 hr). Waives certain provisions of the Trade Act.	N/A.
H.R. 2002	Transportation Appropriations	H. Res. 194	Open; waives cl. 3 Of rule XIII and section 401 (a) of the CBA against consideration of the bill; waives cl. 6 and cl. 2 of rule XXI against provisions in the bill; Makes in order the Clinger/Solomon amendment waives all points of order against the amendment (Line Item Veto); provides the bill be read by title; Pre-printing gets priority; PQ. ***RULE AMENDED***.	N/A.
H.R. 70	Exports of Alaskan North Slope Oil	H. Res. 197	Open; Makes in order the Resources Committee amendment in the nature of a substitute as original text; Pre-printing gets priority; Provides a Senate hook-up with S. 395.	N/A.
H.R. 2076	Commerce, Justice Appropriations	H. Res. 198	Open; waives cl. 2 and cl. 6 of rule XXI against provisions in the bill; Pre-printing gets priority; provides the bill be read by title..	N/A.
H.R. 2099	VA/HUD Appropriations	H. Res. 201	Open; waives cl. 2 and cl. 6 of rule XXI against provisions in the bill; Provides that the amendment in part 1 of the report is the first business, if adopted it will be considered as base text (30 min.); waives all points of order against the Klug and Davis amendments; Pre-printing gets priority; Provides that the bill be read by title.	N/A.
S. 21	Termination of U.S. Arms Embargo on Bosnia	H. Res. 204	Restrictive; 3 hours of general debate; Makes in order an amendment to be offered by the Minority Leader or a designee (1 hr); If motion to recommit has instructions it can only be offered by the Minority Leader or a designee.	ID.
H.R. 2126	Defense Appropriations	H. Res. 205	Open; waives cl. 2(l)(6) of rule XI and section 306 of the Congressional Budget Act against consideration of the bill; waives cl. 2 and cl. 6 of rule XXI against provisions in the bill; self-executes a strike of sections 8021 and 8024 of the bill as requested by the Budget Committee; Pre-printing gets priority; Provides the bill be read by title.	N/A.
H.R. 1555	Communications Act of 1995	H. Res. 207	Restrictive; waives sec. 302(f) of the Budget Act against consideration of the bill; Makes in order the Commerce Committee amendment as original text and waives sec. 302(f) of the Budget Act and cl. 5(a) of rule XXI against the amendment; Makes in order the Bliley amendment (30 min.) as the first order of business, if adopted it will be original text; makes in order only the amendments printed in the report and waives all points of order against the amendments; provides a Senate hook-up with S. 652.	2R/3D/3 Bipartisan.
H.R. 2127	Labor/HHS Appropriations Act	H. Res. 208	Open; Provides that the first order of business will be the managers amendments (10 min.), if adopted they will be considered as base text; waives cl. 2 and cl. 6 of rule XXI against provisions in the bill; waives all points of order against certain amendments printed in the report; Pre-printing gets priority; Provides the bill be read by title; PQ.	N/A.
H.R. 1594	Economically Targeted Investments	H. Res. 215	Open; 2 hr of gen. debate. makes in order the committee substitute as original text	N/A.
H.R. 1655	Intelligence Authorization	H. Res. 216	Restrictive; waives sections 302(f), 308(a) and 401(b) of the Budget Act. Makes in order the committee substitute as modified by Govt. Reform amend (striking sec. 505) and an amendment striking title VII. Cl 7 of rule XVI and cl 5(a) of rule XXI are waived against the substitute. Sections 302(f) and 401(b) of the CBA are also waived against the substitute. Amendments must also be pre-printed in the Congressional record.	N/A.
H.R. 1162	Deficit Reduction Lock Box	H. Res. 218	Open; waives cl 7 of rule XVI against the committee substitute made in order as original text; Pre-printing gets priority.	N/A.
H.R. 1670	Federal Acquisition Reform Act of 1995	H. Res. 219	Open; waives sections 302(f) and 308(a) of the Budget Act against consideration of the bill; bill will be read by title; waives cl 5(a) of rule XXI and section 302(f) of the Budget Act against the committee substitute. Pre-printing gets priority.	N/A.
H.R. 1617	To Consolidate and Reform Workforce Development and Literacy Programs Act (CAREERS).	H. Res. 222	Open; waives sections 302(f) and 401(b) of the Budget Act against the substitute made in order as original text (H.R. 2332), cl. 5(a) of rule XXI is also waived against the substitute. Provides for consideration of the managers amendment (10 min.) If adopted, it is considered as base text.	N/A.
H.R. 2274	National Highway System Designation Act of 1995	H. Res. 224	Open; waives section 302(f) of the Budget Act against consideration of the bill; Makes H.R. 2349 in order as original text; waives section 302(f) of the Budget Act against the substitute as well as cl. 5(a) of rule XXI and cl. 1(q)(10) of rule X against the substitute; provides for the consideration of a managers amendment (10 min). If adopted, it is considered as base text; Pre-printing gets priority; PQ.	N/A.
H.R. 927	Cuban Liberty and Democratic Solidarity Act of 1995	H. Res. 225	Restrictive; waives cl 2(l)(2)(B) of rule XI against consideration of the bill; makes in order H.R. 2347 as base text; waives cl 7 of rule XVI against the substitute; Makes Hamilton amendment the first amendment to be considered (1 hr). Makes in order only amendments printed in the report.	2R/2D
H.R. 743	The Teamwork for Employees and managers Act of 1995	H. Res. 226	Open; waives cl 2(l)(2)(b) of rule XI against consideration of the bill; makes in order the committee amendment as original text; Pre-printing get priority.	N/A.
H.R. 1170	3-Judge Court for Certain Injunctions	H. Res. 227	Open; makes in order a committee amendment as original text; Pre-printing gets priority	N/A.
H.R. 1601	International Space Station Authorization Act of 1995	H. Res. 228	Open; makes in order a committee amendment as original text; pre-printing gets priority	N/A.
H.J. Res. 108	Making Continuing Appropriations for FY 1996	H. Res. 230	Closed; Provides for the immediate consideration of the CR; one motion to recommit which may have instructions only if offered by the Minority Leader or a designee.	
H.R. 2405	Omnibus Civilian Science Authorization Act of 1995	H. Res. 234	Open; self-executes a provision striking section 304(b)(3) of the bill (Commerce Committee request); Pre-printing gets priority.	N/A.
H.R. 2259	To Disapprove Certain Sentencing Guideline Amendments	H. Res. 237	Restrictive; waives cl 2(l)(2)(B) of rule XI against the bill's consideration; makes in order the text of the Senate bill S. 1254 as original text; Makes in order only a Conyers substitute; provides a senate hook-up after adoption.	1D
H.R. 2425	Medicare Preservation Act	H. Res. 238	Restrictive; waives all points of order against the bill's consideration; makes in order the text of H.R. 2485 as original text; waives all points of order against H.R. 2485; makes in order only an amendment offered by the Minority Leader or a designee; waives all points of order against the amendment; waives cl 5(c) of rule XXI (⅗ requirement on votes raising taxes); PQ.	1D
H.R. 2492	Legislative Branch Appropriations Bill	H. Res. 239	Restrictive; provides for consideration of the bill in the House	N/A.
H.R. 2491 H. Con. Res. 109	7 Year Balanced Budget Reconciliation Social Security Earnings Test Reform.	H. Res. 245	Restrictive; makes in order H.R. 2517 as original text; waives all pints of order against the bill; Makes in order only H.R. 2530 as an amendment only if offered by the Minority Leader or a designee; waives all points of order against the amendment; waives cl 5(c) of rule XXI (⅗ requirement on votes raising taxes); PQ.	1D
H.R. 1833	Partial Birth Abortion Ban Act of 1995	H. Res. 251	Closed	N/A.
H.R. 2546	D.C. Appropriations FY 1996	H. Res. 252	Restrictive; waives all points of order against the bill's consideration; Makes in order the Walsh amendment as the first order of business (10 min.); if adopted it is considered as base text; waives cl 2 and 6 of rule XXI against the bill; makes in order the Bonilla, Gunderson and Hostettler amendments (30 min.); waives all points of order against the amendments; debate on any further amendments is limited to 30 min. each.	N/A
H.J. Res. 115	Further Continuing Appropriations for FY 1996	H. Res. 257	Closed; Provides for the immediate consideration of the CR; one motion to recommit which may have instructions only if offered by the Minority Leader or a designee.	N/A

FLOOR PROCEDURE IN THE 104TH CONGRESS 1ST SESSION; COMPILED BY THE RULES COMMITTEE DEMOCRATS—Continued

Bill No.	Title	Resolution No.	Process used for floor consideration	Amendments in order
H.R. 2586	Temporary Increase in the Statutory Debt Limit	H. Res. 258	Restrictive; Provides for the immediate consideration of the CR; one motion to recommit which may have instructions only if offered by the Minority Leader or a designee; self-executes 4 amendments in the rule; Solomon, Medicare Coverage of Certain Anti-Cancer Drug Treatments, Habeas Corpus Reform, Chrysler (MI); makes in order the Walker amend (40 min.) on regulatory reform.	5R
H.R. 2539	ICC Termination	H. Res. 259	Open; waives section 302(f) and section 308(a)	
H.J. Res. 115	Further Continuing Appropriations for FY 1996	H. Res. 261	Closed; provides for the immediate consideration of a motion by the Majority Leader or his designees to dispose of the Senate amendments (1hr).	N/A.
H.R. 2586	Temporary Increase in the Statutory Limit on the Public Debt	H. Res. 262	Closed; provides for the immediate consideration of a motion by the Majority Leader or his designees to dispose of the Senate amendments (1hr).	N/A.
H. Res. 250	House Gift Rule Reform	H. Res. 268	Closed; provides for consideration of the bill in the House; 30 min. of debate; makes in order the Burton amendment and the Gingrich en bloc amendment (30 min. each); waives all points of order against the amendments; Gingrich is only in order if Burton fails or is not offered.	2R
H.R. 2564	Lobbying Disclosure Act of 1995	H. Res. 269	Open; waives cl. 2(l)(6) of rule XI against the bill's consideration; waives all points of order against the Istook and McIntosh amendments.	N/A.
H.R. 2606	Prohibition on Funds for Bosnia Deployment	H. Res. 273	Restrictive; waives all points of order against the bill's consideration; provides one motion to amend if offered by the Minority Leader or designee (1 hr non-amendable); motion to recommit which may have instructions only if offered by Minority Leader or his designee; if Minority Leader motion is not offered debate time will be extended by 1 hr.	N/A.
H.R. 1788	Amtrak Reform and Privatization Act of 1995	H. Res. 289	Open; waives all points of order against the bill's consideration; makes in order the Transportation substitute modified by the amend in the report; Bill read by title; waives all points of order against the substitute; makes in order a managers amend as the first order of business, if adopted it is considered base text (10 min.); waives all points of order against the amendment; Pre-printing gets priority.	N/A.
H.R. 1350	Maritime Security Act of 1995	H. Res. 287	Open; makes in order the committee substitute as original text; makes in order a managers amendment which if adopted is considered as original text (20 min.) unamendable; pre-printing gets priority.	N/A.
H.R. 2621	To Protect Federal Trust Funds	H. Res. 293	Closed; provides for the adoption of the Ways & Means amendment printed in the report. 1 hr. of general debate; PQ.	N/A.
H.R. 1745	Utah Public Lands Management Act of 1995	H. Res. 303	Open; waives cl 2(l)(6) of rule XI and sections 302(f) and 311(a) of the Budget Act against the bill's consideration. Makes in order the Resources substitute as base text and waives cl 7 of rule XVI and sections 302(f) and 308(a) of the Budget Act; makes in order a managers' amend as the first order of business, if adopted it is considered base text (10 min).	N/A.
H. Res. 304	Providing for Debate and Consideration of Three Measures Relating to U.S. Troop Deployments in Bosnia.	N/A	Closed; makes in order three resolutions; H.R. 2770 (Dornan), H. Res. 302 (Buyer), and H. Res. 306 (Gephardt); 1 hour of debate on each.	1D; 2R
H. Res. 309	Revised Budget Resolution	H. Res. 309	Closed; provides 2 hours of general debate in the House; PQ	N/A.
H.R. 558	Texas Low-Level Radioactive Waste Disposal Compact Consent Act	H. Res. 313	Open; pre-printing gets priority	N/A.
H.R. 2677	The National Parks and National Wildlife Refuge Systems Freedom Act of 1995.	H. Res. 323	Closed; consideration in the House; self-executes Young amendment	N/A.
			PROCEDURE IN THE 104TH CONGRESS 2D SESSION	
H.R. 1643	To authorize the extension of nondiscriminatory treatment (MFN) to the products of Bulgaria.	H. Res. 334	Closed; provides to take the bill from the Speaker's table with the Senate amendment, and consider in the House the motion printed in the Rules Committee report; 1 hr. of general debate; previous question is considered as ordered. ** NR; PQ.	N/A.
H.J. Res. 134 H. Con. Res. 131	Making continuing appropriations/establishing procedures making the transmission of the continuing resolution H.J. Res. 134.	H. Res. 336	Closed; provides to take from the Speaker's table H.J. Res. 134 with the Senate amendment and concur with the Senate amendment with an amendment (H. Con. Res. 131) which is self-executed in the rule. The rule provides further that the bill shall not be sent back to the Senate until the Senate agrees to the provisions of H. Con. Res. 131. ** NR; PQ.	N/A.
H.R. 1358	Conveyance of National Marine Fisheries Service Laboratory at Gloucester, Massachusetts.	H. Res. 338	Closed; provides to take the bill from the Speaker's table with the Senate amendment, and consider in the House the motion printed in the Rules Committee report; 1 hr. of general debate; previous question is considered as ordered. ** NR; PQ.	N/A.
H.R. 2924	Social Security Guarantee Act	H. Res. 355	Closed; ** NR; PQ	N/A.
H.R. 2854	The Agricultural Market Transition Program	H. Res. 366	Restrictive; waives all points of order against the bill; 2 hrs of general debate; makes in order a committee substitute as original text and waives all points of order against the substitute; makes in order only the 16 amends printed in the report and waives all points of order against the amendments; circumvents unfunded mandates law; Chairman has en bloc authority for amends in report (20 min.) on each en bloc; PQ.	5D; 9R; 2 Bipartisan.
H.R. 994	Regulatory Sunset & Review Act of 1995	H. Res. 368	Open rule; makes in order the Hyde substitute printed in the Record as original text; waives cl 7 of rule XVI against the substitute; Pre-printing gets priority; vacates the House action on S. 219 and provides to take the bill from the Speaker's table and consider the Senate bill; allows Chrmn. Clinger a motion to strike all after the enacting clause of the Senate bill and insert the text of H.R. 994 as passed by the House (1 hr) debate; waives germaneness against the motion; provides if the motion is adopted that it is in order for the House to insist on its amendments and request a conference.	N/A.
H.R. 3021	To Guarantee the Continuing Full Investment of Social security and Other Federal Funds in Obligations of the United States.	H. Res. 371	Closed rule; gives one motion to recommit, which if it contains instructions, may only if offered by the Minority Leader or his designee. ** NR.	N/A.
H.R. 3019	A Further Downpayment Toward a Balanced Budget	H. Res. 372	Restrictive; self-executes CBO language regarding contingency funds in section 2 of the rule; makes in order only the amendments printed in the report; Lowey (20 min), Istook (20 min), Crapo (20 min), Obey (1 hr); waives all points of order against the amendments; give one motion to recommit, which if contains instructions, may only if offered by the Minority Leader or his designee. ** NR.	2D/2R.
H.R. 2703	The Effective Death Penalty and Public Safety Act of 1996	H. Res. 380	Restrictive; makes in order only the amendments printed in the report; waives all points of order against the amendments; gives Judiciary Chairman en bloc authority (20 min.) on en blocs; provides a Senate hook-up with S. 735. ** NR.	6D; 7R; 4 Bipartisan.
H.R. 2202	The Immigration and National Interest Act of 1995	H. Res. 384	Restrictive; waives all points of order against the bill and amendments in the report except for those arising under sec. 425(a) of the Budget Act (unfunded mandates); 2 hrs. of general debate on the bill; makes in order the committee substitute as base text; makes in order only the amends in the report; gives the Judiciary Chairman en bloc authority (20 min.) of debate on the en blocs; self-executes the Smith (TX) amendment re: employee verification program; PQ.	12D; 19R; 1 Bipartisan.
H.J. Res. 165	Making further continuing appropriations for FY 1996	H. Res. 386	Closed; provides for the consideration of the CR in the House and gives one motion to recommit which may contain instructions only if offered by the Minority Leader; the rule also waives cl 4(b) of rule XI against the following: an omnibus appropriations bill, another CR, a bill extending the debt limit. ** NR.	N/A.
H.R. 125	The Gun Crime Enforcement and Second Amendment Restoration Act of 1996.	H. Res. 388	Closed; self-executes an amendment; provides one motion to recommit which may contain instructions only if offered by the Minority Leader or his designee. ** NR.	N/A.
H.R. 3136	The Contract With America Advancement Act of 1996	H. Res. 391	Closed; provides for the consideration of the bill in the House; self-executes an amendment in the Rules report; waives all points of order, except sec. 425(a) (unfunded mandates) of the CBA, against the bill's consideration; orders the PQ except 1 hr. of general debate between the Chairman and Ranking Member of Ways and Means; one Archer amendment (10 min.); one motion to recommit which may contain instructions only if offered by the Minority Leader or his designee; Provides a Senate hookup if the Senate passes S. 4 by March 30, 1996. **NR.	N/A.
H.R. 3103	The Health Coverage Availability and Affordability Act of 1996	H. Res. 392	Restrictive: 2 hrs. of general debate (45 min. split by Ways and Means) (45 split by Commerce) (30 split by Economic and Educational Opportunities); self-executes H.R. 3160 as modified by the amendment in the Rules report as original text; waives all points of order, except sec. 425(a) (unfunded mandates) of the CBA; makes in order a Democratic substitute (1 hr.) waives all points of order, except sec. 425(a) (unfunded mandates) of the CBA, against the amendment; one motion to recommit which may contain instructions only if offered by the Minority Leader or his designee; waives cl 5(c) of Rule XXI (requiring ⅗ vote on any tax increase) on votes on the bill, amendments or conference reports.	N/A.
H.J. Res. 159	Tax Limitation Constitutional Amendment	H. Res. 395	Restrictive; provides for consideration of the bill in the House; 3 hrs of general debate; Makes in order H.J. Res. 169 as original text; allows for an amendment to be offered by the Minority Leader or his designee (1 hr) ** NR; PQ.	1D

FLOOR PROCEDURE IN THE 104TH CONGRESS 1ST SESSION; COMPILED BY THE RULES COMMITTEE DEMOCRATS—Continued

Bill No.	Title	Resolution No.	Process used for floor consideration	Amendments in order
H.R. 842	Truth in Budgeting Act	H. Res. 396	Open; 2 hrs. of general debate; Pre-printing gets priority	N/A.
H.R. 2715	Paperwork Elimination Act of 1996	H. Res. 409	Open; Preprinting get priority	N/A.
H.R. 1675	National Wildlife Refuge Improvement Act of 1995	H. Res. 410	Open; Makes the Young amendment printed in the 4/16/96 Record in order as original text; waives cl 7 of rule XVI against the amendment; Preprinting gets priority; **NR.	N/A.
H.J. Res. 175	Further Continuing Appropriations for FY 1996	H. Res. 411	Closed; provides for consideration of the bill in the House; one motion to recommit which, if containing instructions, may be offered by the Minority Leader or his designee. **NR.	N/A.
H.R. 2641	United States Marshals Service Improvement Act of 1996	H. Res. 418	Open; Pre-printing gets priority; Senate hook-up. **PQ	N/A.
H.R. 2149	The Ocean Shipping Reform Act	H. Res. 419	Open; Makes in order a managers amendment as the first order of business (10 min.); if adopted it is considered as base text; waives cl 7 of rule XVI against the managers amendment; Pre-printing gets priority; makes in order an Obestar en bloc amendment.	N/A.
H.R. 2974	To amend the Violent Crime Control and Law Enforcement Act of 1994 to provide enhanced penalties for crimes against elderly and child victims.	H. Res. 421	Open; waives cl 7 of rule XIII against consideration of the bill; makes in order the Judiciary substitute printed in the bill as original text; waives cl 7 of rule XVI against the substitute; Pre-printing gets priority.	N/A.
H.R. 3120	To amend Title 18, United States Code, with respect to witness retaliation, witness tampering and jury tampering.	H. Res. 422	Open; waives cl 7 of rule XIII against consideration of the bill; makes in order the Judiciary substitute printed in the bill as original text; waives cl 7 of rule XVI against the substitute; Pre-printing gets priority.	N/A.
H.R. 2406	The United States Housing Act of 1996	H. Res. 426	Open; makes in order the committee substitute printed in the bill as original text; waives cl 5(a) of rule XXI against the substitute; makes in order a managers amendment as the first order of business (10 min); if adopted it is considered as base text; Pre-printing gets priority; provides a Senate hook-up.	N/A.
H.R. 3322	Omnibus Civilian Science Authorization Act of 1996	H. Res. 427	Open; waives cl 2(l)(2) of rule XI against the bill's consideration; makes in order a managers amendment as the first order of business (10 min); if adopted it is considered as base text; waives cl 5(a) of rule XXI against the bill; pre-printing gets priority.	N/A.
H.R. 3286	The Adoption Promotion and Stability Act of 1996	H. Res. 428	Restrictive; provides consideration of the bill in the House; makes in order the Ways & Means substitute printed in the bill as original text; makes in order a Gibbons amendment to title II (30 min) and a Young amendment (30 min); provides one motion to recommit which may contain instructions only if offered by the Minority Leader or his designee.	1D; 1R
H.R. 3230	Defense Authorization Bill FY 1997	H. Res. 430	Restrictive	41 amends; 20D; 17R; 4 bipartisan
H.R. 3415	Repeal of the 4.3-Cent Increase in Transporation Fuel Taxes	H. Res. 436	Closed	N/A.
H.R. 3259	Intelligence Authorization Act for FY 1997	H. Res. 437	Restrictive	N/A.
H.R. 3144	The Defend America Act	H. Res. 438	Restrictive	1D
H.R. 3448/H.R. 1227	The Small Business Job Protection Act of 1996, and The Employee Commuting Flexibility Act of 1996.	H. Res. 440	Restrictive	2R

*Contract Bills, 67% restrictive; 33% open. **All legislation 1st Session, 53% restrictive; 47% open. ***All legislation 2d Session, 69% restrictive; 31% open. ****All legislation 104th Congress, 58% restrictive; 42% open. *****NR indicates that the legislation being considered by the House for amendment has circumvented standard procedure and was never reported from any House committee. ******PQ Indicates that previous question was ordered on the resolution. *******Restrictive rules are those which limit the number of amendments which can be offered, and include so-called modified open and modified closed rules as well as completely closed rules and rules providing for consideration in the House as opposed to the Committee of the Whole. This definition of restrictive rule is taken from the Republican chart of resolutions reported from the Rules Committee in the 103d Congress. N/A means not available.

LEGISLATION IN THE 104TH CONGRESS, 2D SESSION

To date 13 out of 31, or 42% of the bills considered under rules in the 2d session of the 104th Congress have been considered under an irregular procedure which circumvents the standard committee procedure. They have been brought to the floor without any committee reporting them. They are as follows:

H.R. 1643, to authorize the extension of nondiscriminatory treatment (MFN) to the products of Bulgaria.

H.J. Res. 134, making continuing appropriations for fiscal year 1996.

H.R. 1358, conveyance of National Marine Fisheries Service Laboratory at Gloucester, Massachusetts.

H.R. 2924, the Social Security Guarantee Act.

H.R. 3021, to guarantee the continuing full investment of Social Security and other Federal funds in obligations of the United States.

H.R. 3019, a further downpayment toward a balanced budget.

H.R. 2703, the effective Death Penalty and Public Safety Act of 1996.

H.J. Res. 165, making further continuing appropriations for fiscal year 1996.

H.R. 125, the Crime Enforcement and Second Amendment Restoration Act of 1996.

H.R. 3136, the Contract With America Advancement Act of 1996.

H.J. Res. 159, tax limitation constitutional amendment.

H.R. 1675, National Wildlife Refuge Improvement Act of 1995.

H.J. Res. 175, making further continuing appropriations for fiscal year 1996.

Mr. HALL of Ohio. Mr. Speaker, to sum up, I urge a no vote on the rule. The resolution does not provide the opportunity for a straight up-or-down vote on the minimum wage. And make no mistake about it; the small business exemption will drag this legislation down. This issue is too important for working families. Let us send it back to the Committee on Rules. Vote no on the rule.

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

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

Mr. Speaker, I would just say that we would think from the rhetoric spewing forth from the Democrats that they were not going to have a chance to vote up-or-down on a minimum wage. Come back in about an hour-and-a-half and I want everybody to see what takes place. It will be an up-or-down vote on a minimum wage.

Mr. Speaker, it is a shame that we have to get into these partisan fights on something that is so terribly important. Yes, it is important for a minimum wage increase, but yes, it important that we relieve small business of some of the expenses in order to pay for that minimum wage increase. That is exactly what this bill does.

Small business incentives, decreasing expenses for small businesses, that means a lot to small businesses. Home office deductions, do Members know what that means to so many working mothers that want to work out of their homes? That is what Members are voting for when they come over here and vote for this rule. That is terribly important to working mothers that want to stay in their homes and take care of their children.

Mr. Speaker, we can go down and line. Here are dozens and dozens of little benefits that add up to so much: employer-provided educational assistance. That is so important. The Democrats ought to be standing up there voting for this bill. Pension implication provisions, to allow pensions for the few employees that small businesses have. That is what this whole debate is all about.

Everyone should come over here, they should vote for this rule, and then they should do a favor for small business and a favor for working people that might be on the minimum wage. This is a good bill. It is a compromise. That is what we all have to learn in politics: We cannot always have it our own way. Let us work together. Come over here and vote for the rule and then vote for the bill. Members will be doing something for people of this country.

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. HOBSON). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the noes 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 219, nays 211, not voting 4, as follows:

[Roll No. 189]

YEAS—219

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Blute
Boehlert
Boehner
Bonilla
Bono
Brownback
Bryant (TN)
Bunn
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Moorhead
Morella
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Sanford
Saxton
Schaefer
Schiff
Seastrand
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NAYS—211

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Bartlett
Barton
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunning
Cardin
Chapman
Christensen
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cubin
Cummings
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hancock
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Largent
Levin
Lewis (GA)
Lewis (KY)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McIntosh
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Myers
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Rush
Sabo
Salmon
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Shadegg
Sisisky
Skaggs
Skelton
Slaughter
Souder
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—4

Bliley
Molinari
Payne (VA)
Scarborough

□ 1840

The Clerk announced the following pair:

On this vote:

Mr. Scarborough for, with Mr. Payne of Virginia against.

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

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

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT THURSDAY, MAY 23, 1996, TO FILE A PRIVILEGED REPORT ON MILITARY CONSTRUCTION APPROPRIATIONS BILL, 1997

Mrs. VUCANOVICH. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight, Thursday, May 23, 1996, to file a privileged report on a bill making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes.

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

There was no objection.

The SPEAKER pro tempore. All points of order are reserved.

SMALL BUSINESS JOB PROTECTION ACT OF 1996

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 440, I call up the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. WALKER). Pursuant to House Resolution 440, the Committee amendment in the nature of a substitute printed in the bill is considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 3448

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Small Business Job Protection Act of 1996".

(b) TABLE OF CONTENTS.—

TITLE I—SMALL BUSINESS AND OTHER TAX PROVISIONS

Sec. 1101. Amendment of 1986 Code.
Sec. 1102. Underpayments of estimated tax.

Subtitle A—Expensing; Etc.

Sec. 1111. Increase in expense treatment for small businesses.
Sec. 1112. Treatment of employee tips.
Sec. 1113. Treatment of storage of product samples.
Sec. 1114. Treatment of certain charitable risk pools.
Sec. 1115. Treatment of dues paid to agricultural or horticultural organizations.
Sec. 1116. Clarification of employment tax status of certain fishermen; information reporting.

Subtitle B—Extension of Certain Expiring Provisions

Sec. 1201. Work opportunity tax credit.
Sec. 1202. Employer-provided educational assistance programs.
Sec. 1203. FUTA exemption for alien agricultural workers.

Subtitle C—Provisions Relating to S Corporations

Sec. 1301. S corporations permitted to have 75 shareholders.
Sec. 1302. Electing small business trusts.
Sec. 1303. Expansion of post-death qualification for certain trusts.
Sec. 1304. Financial institutions permitted to hold safe harbor debt.
Sec. 1305. Rules relating to inadvertent terminations and invalid elections.
Sec. 1306. Agreement to terminate year.

Sec. 1307. Expansion of post-termination transition period.
Sec. 1308. S corporations permitted to hold subsidiaries.
Sec. 1309. Treatment of distributions during loss years.
Sec. 1310. Treatment of S corporations under subchapter C.
Sec. 1311. Elimination of certain earnings and profits.
Sec. 1312. Carryover of disallowed losses and deductions under at-risk rules allowed.
Sec. 1313. Adjustments to basis of inherited S stock to reflect certain items of income.
Sec. 1314. S corporations eligible for rules applicable to real property subdivided for sale by noncorporate taxpayers.
Sec. 1315. Effective date.

Subtitle D—Pension Simplification

CHAPTER 1—SIMPLIFIED DISTRIBUTION RULES

Sec. 1401. Repeal of 5-year income averaging for lump-sum distributions.
Sec. 1402. Repeal of $5,000 exclusion of employees' death benefits.
Sec. 1403. Simplified method for taxing annuity distributions under certain employer plans.
Sec. 1404. Required distributions.

CHAPTER 2—INCREASED ACCESS TO PENSION PLANS

SUBCHAPTER A—SIMPLE SAVINGS PLANS

Sec. 1421. Establishment of savings incentive match plans for employees of small employers.
Sec. 1422. Extension of simple plan to 401(k) arrangements.

SUBCHAPTER B—OTHER PROVISIONS

Sec. 1426. Tax-exempt organizations eligible under section 401(k).

CHAPTER 3—NONDISCRIMINATION PROVISIONS

Sec. 1431. Definition of highly compensated employees; repeal of family aggregation.
Sec. 1432. Modification of additional participation requirements.
Sec. 1433. Nondiscrimination rules for qualified cash or deferred arrangements and matching contributions.
Sec. 1434. Definition of compensation for section 415 purposes.

CHAPTER 4—MISCELLANEOUS PROVISIONS

Sec. 1441. Plans covering self-employed individuals.
Sec. 1442. Elimination of special vesting rule for multiemployer plans.
Sec. 1443. Distributions under rural cooperative plans.
Sec. 1444. Treatment of governmental plans under section 415.
Sec. 1445. Uniform retirement age.
Sec. 1446. Contributions on behalf of disabled employees.
Sec. 1447. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 1448. Trust requirement for deferred compensation plans of State and local governments.
Sec. 1449. Transition rule for computing maximum benefits under section 415 limitations.
Sec. 1450. Modifications of section 403(b).
Sec. 1451. Waiver of minimum period for joint and survivor annuity explanation before annuity starting date.
Sec. 1452. Repeal of limitation in case of defined benefit plan and defined contribution plan for same employee; excess distributions.
Sec. 1453. Tax on prohibited transactions.
Sec. 1454. Treatment of leased employees.
Sec. 1455. Uniform penalty provisions to apply to certain pension reporting requirements.
Sec. 1456. Retirement benefits of ministers not subject to tax on net earnings from self-employment.
Sec. 1457. Date for adoption of plan amendments.

Subtitle E—Foreign Simplification

Sec. 1501. Repeal of inclusion of certain earnings invested in excess passive assets.

Subtitle F—Revenue Offsets

Sec. 1601. Termination of Puerto Rico and possession tax credit.
Sec. 1602. Repeal of exclusion for interest on loans used to acquire employer securities.
Sec. 1603. Certain amounts derived from foreign corporations treated as unrelated business taxable income.
Sec. 1604. Depreciation under income forecast method.
Sec. 1605. Repeal of exclusion for punitive damages and for damages not attributable to physical injuries or sickness.
Sec. 1606. Repeal of diesel fuel tax rebate to purchasers of diesel-powered automobiles and light trucks.

Subtitle G—Technical Corrections

Sec. 1701. Coordination with other subtitles.
Sec. 1702. Amendments related to Revenue Reconciliation Act of 1990.
Sec. 1703. Amendments related to Revenue Reconciliation Act of 1993.
Sec. 1704. Miscellaneous provisions.

TITLE I—SMALL BUSINESS AND OTHER TAX PROVISIONS

SEC. 1101. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 1102. UNDERPAYMENTS OF ESTIMATED TAX.

No addition to the tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1986 (relating to failure to pay estimated tax) with respect to any underpayment of an installment required to be paid before the date of the enactment of this Act to the extent such underpayment was created or increased by any provision of this title.

Subtitle A—Expensing; Etc.

SEC. 1111. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) GENERAL RULE.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

"(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed the following applicable amount:

"If the taxable year begins in:	*The applicable amount is:*
1996	*$18,500*
1997	*19,000*
1998	*20,000*
1999	*21,000*
2000	*22,000*
2001	*23,000*
2002	*23,500*
2003 or thereafter	*25,000."*

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

SEC. 1112. TREATMENT OF EMPLOYEE TIPS.

(a) EMPLOYEE CASH TIPS.—

(1) REPORTING REQUIREMENT NOT CONSIDERED.—Subparagraph (A) of section 45B(b)(1) (relating to excess employer social security tax) is amended by inserting "(without regard to whether such tips are reported under section 6053)" after "section 3121(q)".

(2) TAXES PAID.—Subsection (d) of section 13443 of the Revenue Reconciliation Act of 1993 is amended by inserting ", with respect to services performed before, on, or after such date" after "1993".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the amendments made by, and the provisions of, section 13443 of the Revenue Reconciliation Act of 1993.

(b) TIPS FOR EMPLOYEES DELIVERING FOOD OR BEVERAGES.—

(1) IN GENERAL.—Paragraph (2) of section 45B(b) is amended to read as follows:

"(2) ONLY TIPS RECEIVED FOR FOOD OR BEVERAGES TAKEN INTO ACCOUNT.—In applying paragraph (1), there shall be taken into account only tips received from customers in connection with the delivering or serving of food or beverages for consumption if the tipping of employees delivering or serving food or beverages by customers is customary."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to tips received for services performed after December 31, 1996.

SEC. 1113. TREATMENT OF STORAGE OF PRODUCT SAMPLES.

(a) IN GENERAL.—Paragraph (2) of section 280A(c) is amended by striking "inventory" and inserting "inventory or product samples".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

SEC. 1114. TREATMENT OF CERTAIN CHARITABLE RISK POOLS.

(a) GENERAL RULE.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) CHARITABLE RISK POOLS.—

"(1) IN GENERAL.—For purposes of this title—

"(A) a qualified charitable risk pool shall be treated as an organization organized and operated exclusively for charitable purposes, and

"(B) subsection (m) shall not apply to a qualified charitable risk pool.

"(2) QUALIFIED CHARITABLE RISK POOL.—For purposes of this subsection, the term 'qualified charitable risk pool' means any organization—

"(A) which is organized and operated solely to pool insurable risks of its members (other than risks related to medical malpractice) and to provide information to its members with respect to loss control and risk management,

"(B) which is comprised solely of members that are organizations described in subsection (c)(3) and exempt from tax under subsection (a), and

"(C) which meets the organizational requirements of paragraph (3).

"(3) ORGANIZATIONAL REQUIREMENTS.—An organization (hereinafter in this subsection referred to as the 'risk pool') meets the organizational requirements of this paragraph if—

"(A) such risk pool is organized as a nonprofit organization under State law provisions authorizing risk pooling arrangements for charitable organizations,

"(B) such risk pool is exempt from any income tax imposed by the State (or will be so exempt after such pool qualifies as an organization exempt from tax under this title),

"(C) such risk pool has obtained at least $1,000,000 in startup capital from nonmember charitable organizations,

"(D) such risk pool is controlled by a board of directors elected by its members, and

"(E) the organizational documents of such risk pool require that—

"(i) each member of such pool shall at all times be an organization described in subsection (c)(3) and exempt from tax under subsection (a),

"(ii) any member which receives a final determination that it no longer qualifies as an organization described in subsection (c)(3) shall immediately notify the pool of such determination and the effective date of such determination, and

"(iii) each policy of insurance issued by the risk pool shall provide that such policy will not cover the insured with respect to events occurring after the date such final determination was issued to the insured.

An organization shall not cease to qualify as a qualified charitable risk pool solely by reason of the failure of any of its members to continue to be an organization described in subsection (c)(3) if, within a reasonable period of time after such pool is notified as required under subparagraph (C)(ii), such pool takes such action as may be reasonably necessary to remove such member from such pool.

"(4) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) STARTUP CAPITAL.—The term 'startup capital' means any capital contributed to, and any program-related investments (within the meaning of section 4944(c)) made in, the risk pool before such pool commences operations.

"(B) NONMEMBER CHARITABLE ORGANIZATION.—The term 'nonmember charitable organization' means any organization which is described in subsection (c)(3) and exempt from tax under subsection (a) and which is not a member of the risk pool and does not benefit (directly or indirectly) from the insurance coverage provided by the pool to its members."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1115. TREATMENT OF DUES PAID TO AGRICULTURAL OR HORTICULTURAL ORGANIZATIONS.

(a) GENERAL RULE.—Section 512 (defining unrelated business taxable income) is amended by adding at the end thereof the following new subsection:

"(d) TREATMENT OF DUES OF AGRICULTURAL OR HORTICULTURAL ORGANIZATIONS.—

"(1) IN GENERAL.—If—

"(A) an agricultural or horticultural organization described in section 501(c)(5) requires annual dues to be paid in order to be a member of such organization, and

"(B) the amount of such required annual dues does not exceed $100,

in no event shall any portion of such dues be treated as derived by such organization from an unrelated trade or business by reason of any benefits or privileges to which members of such organization are entitled.

"(2) INDEXATION OF $100 AMOUNT.—In the case of any taxable year beginning in a calendar year after 1995, the $100 amount in paragraph (1) shall be increased by an amount equal to—

"(A) $100, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1994' for 'calendar year 1992' in subparagraph (B) thereof.

"(3) DUES.—For purposes of this subsection, the term 'dues' includes any payment required to be made in order to be recognized by the organization as a member of the organization."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1994.

SEC. 1116. CLARIFICATION OF EMPLOYMENT TAX STATUS OF CERTAIN FISHERMEN; INFORMATION REPORTING.

(a) CLARIFICATION OF EMPLOYMENT TAX STATUS.—

(1) AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.—

(A) DETERMINATION OF SIZE OF CREW.—Subsection (b) of section 3121 (defining employment) is amended by adding at the end thereof the following new sentence:

"For purposes of paragraph (20), the operating crew of a boat shall be treated as normally made up of fewer than 10 individuals if the average size of the operating crew on trips made during the preceding 4 calendar quarters consisted of fewer than 10 individuals."

(B) CERTAIN CASH REMUNERATION PERMITTED.—Subparagraph (A) of section 3121(b)(20) is amended to read as follows:

"(A) such individual does not receive any cash remuneration other than as provided in subparagraph (B) and other than cash remuneration—

"(i) which does not exceed $100 per trip;

"(ii) which is contingent on a minimum catch; and

"(iii) which is paid solely for additional duties (such as mate, engineer, or cook) for which additional cash remuneration is traditional in the industry,".

(C) CONFORMING AMENDMENT.—Section 6050A(a) is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting "; and", and by adding at the end thereof the following new paragraph:

"(5) any cash remuneration described in section 3121(b)(20)(A)."

(2) AMENDMENT OF SOCIAL SECURITY ACT.—

(A) DETERMINATION OF SIZE OF CREW.—Subsection (a) of section 210 of the Social Security Act is amended by adding at the end thereof the following new sentence:

"For purposes of paragraph (20), the operating crew of a boat shall be treated as normally made up of fewer than 10 individuals if the average size of the operating crew on trips made during the preceding 4 calendar quarters consisted of fewer than 10 individuals."

(B) CERTAIN CASH REMUNERATION PERMITTED.—Subparagraph (A) of section 210(a)(20) of such Act is amended to read as follows:

"(A) such individual does not receive any additional compensation other than as provided in subparagraph (B) and other than cash remuneration—

"(i) which does not exceed $100 per trip;

"(ii) which is contingent on a minimum catch; and

"(iii) which is paid solely for additional duties (such as mate, engineer, or cook) for which additional cash remuneration is traditional in the industry,".

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to remuneration paid after December 31, 1996.

(B) SPECIAL RULE.—The amendments made by this subsection (other than paragraph (1)(C)) shall also apply to remuneration paid after December 31, 1984, and before January 1, 1997, unless the payor treated such remuneration (when paid) as being subject to tax under chapter 21 of the Internal Revenue Code of 1986.

(b) INFORMATION REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 68 (relating to information concerning transactions with other persons) is amended by adding at the end the following new section:

"SEC. 6050Q. RETURNS RELATING TO CERTAIN PURCHASES OF FISH.

"(a) REQUIREMENT OF REPORTING.—Every person—

"(1) who is engaged in the trade or business of purchasing fish for resale from any person engaged in the trade or business of catching fish; and

"(2) who makes payments in cash in the course of such trade or business to such a person of $600 or more during any calendar year for the purchase of fish,

shall make a return (at such times as the Secretary may prescribe) described in subsection (b) with respect to each person to whom such a payment was made during such calendar year.

"(b) RETURN.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe, and

"(2) contains—

"(A) the name, address, and TIN of each person to whom a payment described in subsection (a)(2) was made during the calendar year;

"(B) the aggregate amount of such payments made to such person during such calendar year and the date and amount of each such payment, and

"(C) such other information as the Secretary may require.

"(c) STATEMENT TO BE FURNISHED WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return a written statement showing—

"(1) the name and address of the person required to make such a return, and

"(2) the aggregate amount of payments to the person required to be shown on the return.

The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) is required to be made.

"(d) DEFINITIONS.—For purposes of this section:

"(1) CASH.—The term 'cash' has the meaning given such term by section 6050I(d).

"(2) FISH.—The term 'fish' includes other forms of aquatic life.".

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (A) of section 6724(d)(1) is amended by striking "or" at the end of clause (vi), by striking "and" at the end of clause (vii) and inserting "or", and by adding at the end the following new clause:

"(viii) section 6050Q (relating to returns relating to certain purchases of fish), and".

(B) Paragraph (2) of section 6724(d) is amended by redesignating subparagraphs (Q) through (T) as subparagraphs (R) through (U), respectively, and by inserting after subparagraph (P) the following new subparagraph:

"(Q) section 6050Q(c) (relating to returns relating to certain purchases of fish),".

(C) The table of sections for subpart B of part III of subchapter A of chapter 68 is amended by adding at the end the following new item:

"Sec. 6050Q. Returns relating to certain purchases of fish.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after December 31, 1996.

Subtitle B—Extension of Certain Expiring Provisions

SEC. 1201. WORK OPPORTUNITY TAX CREDIT.

(a) AMOUNT OF CREDIT.—Subsection (a) of section 51 (relating to amount of credit) is amended by striking "40 percent" and inserting "35 percent".

(b) MEMBERS OF TARGETED GROUPS.—Subsection (d) of section 51 is amended to read as follows:

"(d) MEMBERS OF TARGETED GROUPS.—For purposes of this subpart—

"(1) IN GENERAL.—An individual is a member of a targeted group if such individual is—

"(A) a qualified IV–A recipient,
"(B) a qualified veteran,
"(C) a qualified ex-felon,
"(D) a high-risk youth,
"(E) a vocational rehabilitation referral, or
"(F) a qualified summer youth employee.

"(2) QUALIFIED IV–A RECIPIENT.—

"(A) IN GENERAL.—The term 'qualified IV–A recipient' means any individual who is certified by the designated local agency as being a member of a family receiving assistance under a IV–A program for at least a 9-month period ending during the 9-month period ending on the hiring date.

"(B) IV–A PROGRAM.—For purposes of this paragraph, the term 'IV–A program' means any program providing assistance under a State plan approved under part A of title IV of the Social Security Act (relating to assistance for needy families with minor children) and any successor of such program.

"(3) QUALIFIED VETERAN.—

"(A) IN GENERAL.—The term 'qualified veteran' means any veteran who is certified by the designated local agency as being—

"(i) a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least a 9-month period ending during the 12-month period ending on the hiring date, or

"(ii) a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.

"(B) VETERAN.—For purposes of subparagraph (A), the term 'veteran' means any individual who is certified by the designated local agency as—

"(i)(I) having served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, or

"(II) having been discharged or released from active duty in the Armed Forces of the United States for a service-connected disability, and

"(ii) not having any day during the 60-day period ending on the hiring date which was a day of extended active duty in the Armed Forces of the United States.

For purposes of clause (ii), the term 'extended active duty' means a period of more than 90 days during which the individual was on active duty (other than active duty for training).

"(4) QUALIFIED EX-FELON.—The term 'qualified ex-felon' means any individual who is certified by the designated local agency—

"(A) as having been convicted of a felony under any statute of the United States or any State,

"(B) as having a hiring date which is not more than 1 year after the last date on which such individual was so convicted or was released from prison, and

"(C) as being a member of a family which had an income during the 6 months immediately preceding the earlier of the month in which such income determination occurs or the month in which the hiring date occurs, which, on an annual basis, would be 70 percent or less of the Bureau of Labor Statistics lower living standard.

Any determination under subparagraph (C) shall be valid for the 45-day period beginning on the date such determination is made.

"(5) HIGH-RISK YOUTH.—

"(A) IN GENERAL.—The term 'high-risk youth' means any individual who is certified by the designated local agency—

"(i) as having attained age 18 but not age 25 on the hiring date, and

"(ii) as having his principal place of abode within an empowerment zone or enterprise community.

"(B) YOUTH MUST CONTINUE TO RESIDE IN ZONE.—In the case of a high-risk youth, the term 'qualified wages' shall not include wages paid or incurred for services performed while such youth's principal place of abode is outside an empowerment zone or enterprise community.

"(6) VOCATIONAL REHABILITATION REFERRAL.—The term 'vocational rehabilitation referral' means any individual who is certified by the designated local agency as—

"(A) having a physical or mental disability which, for such individual, constitutes or results in a substantial handicap to employment, and

"(B) having been referred to the employer upon completion of (or while receiving) rehabilitative services pursuant to—

"(i) an individualized written rehabilitation plan under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, or

"(ii) a program of vocational rehabilitation carried out under chapter 31 of title 38, United States Code.

"(7) QUALIFIED SUMMER YOUTH EMPLOYEE.—

"(A) IN GENERAL.—The term 'qualified summer youth employee' means any individual—

"(i) who performs services for the employer between May 1 and September 15,

"(ii) who is certified by the designated local agency as having attained age 16 but not 18 on the hiring date (or if later, on May 1 of the calendar year involved),

"(iii) who has not been an employee of the employer during any period prior to the 90-day period described in subparagraph (B)(i), and

"(iv) who is certified by the designated local agency as having his principal place of abode within an empowerment zone or enterprise community.

"(B) SPECIAL RULES FOR DETERMINING AMOUNT OF CREDIT.—For purposes of applying this subpart to wages paid or incurred to any qualified summer youth employee—

"(i) subsection (b)(2) shall be applied by substituting 'any 90-day period between May 1 and September 15' for 'the 1-year period beginning with the day the individual begins work for the employer', and

"(ii) subsection (b)(3) shall be applied by substituting '$3,000' for '$6,000'.

The preceding sentence shall not apply to an individual who, with respect to the same employer, is certified as a member of another targeted group after such individual has been a qualified summer youth employee.

"(C) YOUTH MUST CONTINUE TO RESIDE IN ZONE.—Paragraph (5)(B) shall apply for purposes of this paragraph.

"(8) HIRING DATE.—The term 'hiring date' means the day the individual is hired by the employer.

"(9) DESIGNATED LOCAL AGENCY.—The term 'designated local agency' means a State employment security agency established in accordance with the Act of June 6, 1933, as amended (29 U.S.C. 49–49n).

"(10) SPECIAL RULES FOR CERTIFICATIONS.—

"(A) IN GENERAL.—An individual shall not be treated as a member of a targeted group unless—

"(i) on or before the day on which such individual begins work for the employer, the employer has received a certification from a designated local agency that such individual is a member of a targeted group, or

"(ii)(I) on or before the day the individual is offered employment with the employer, a prescreening notice is completed by the employer with respect to such individual, and

"(II) not later than the 14th day after the individual begins work for the employer, the employer submits such notice, signed by the employer and the individual under penalties of perjury, to the designated local agency as part of a written request for such a certification from such agency.

For purposes of this paragraph, the term 'prescreening notice' means a document (in such form as the Secretary shall prescribe) which contains information provided by the individual on the basis of which the employer believes that the individual is a member of a targeted group.

"(B) INCORRECT CERTIFICATIONS.—If—

"(i) an individual has been certified by a designated local agency as a member of a targeted group, and

"(ii) such certification is incorrect because it was based on false information provided by such individual,

the certification shall be revoked and wages paid by the employer after the date on which notice of revocation is received by the employer shall not be treated as qualified wages.

"(C) EXPLANATION OF DENIAL OF REQUEST.—If a designated local agency denies a request for certification of membership in a targeted group, such agency shall provide to the person making such request a written explanation of the reasons for such denial."

(c) MINIMUM EMPLOYMENT PERIOD.—Paragraph (3) of section 51(i) (relating to certain individuals ineligible) is amended to read as follows:

"(3) INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIOD.—No wages shall be taken into account under subsection (a) with respect to any individual unless such individual either—

"(A) is employed by the employer at least 180 days (20 days in the case of a qualified summer youth employee), or

"(B) has completed at least 500 hours (120 hours in the case of a qualified summer youth employee) of services performed for the employer."

(d) TERMINATION.—Paragraph (4) of section 51(c) (relating to wages defined) is amended to read as follows:

"(4) TERMINATION.—The term 'wages' shall not include any amount paid or incurred to an individual who begins work for the employer—

"(A) after December 31, 1994, and before July 1, 1996, or

"(B) after June 30, 1997."

(e) REDESIGNATION OF CREDIT.—

(1) Sections 38(b)(2) and 51(a) are each amended by striking "targeted jobs credit" and inserting "work opportunity credit".

(2) The subpart heading for subpart F of part IV of subchapter A of chapter 1 is amended by striking "**Targeted Jobs Credit**" and inserting "**Work Opportunity Credit**".

(3) The table of subparts for such part IV is amended by striking "targeted jobs credit" and inserting "work opportunity credit".

(4) The heading for paragraph (3) of section 1396(c) is amended by striking "TARGETED JOBS CREDIT" and inserting "WORK OPPORTUNITY CREDIT".

(f) TECHNICAL AMENDMENT.—Paragraph (1) of section 51(c) is amended by striking ", subsection (d)(8)(D),".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1996.

SEC. 1202. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE PROGRAMS.

(a) EXTENSION.—Subsection (d) of section 127 (relating to educational assistance programs) is amended by striking "December 31, 1994" and inserting "December 31, 1996".

(b) LIMITATION TO EDUCATION BELOW GRADUATE LEVEL.—The last sentence of section 127(c)(1) is amended by inserting before the period "or at the graduate level".

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1994.

(2) LIMITATION.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1995.

(3) EXPEDITED PROCEDURES.—The Secretary of the Treasury shall establish expedited procedures for the refund of any overpayment of taxes imposed by chapter 24 of the Internal Revenue Code of 1986 which is attributable to amounts excluded from gross income during 1995 or 1996 under section 127 of such Code, including procedures waiving the requirement that an employer obtain an employee's signature where the employer demonstrates to the satisfaction of the Secretary that any refund collected by the employer on behalf of the employee will be paid to the employee.

SEC. 1203. FUTA EXEMPTION FOR ALIEN AGRICULTURAL WORKERS.

(a) IN GENERAL.—Subparagraph (B) of section 3306(c)(1) (defining employment) is amended by striking "before January 1, 1995,".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services performed after December 31, 1994.

Subtitle C—Provisions Relating to S Corporations

SEC. 1301. S CORPORATIONS PERMITTED TO HAVE 75 SHAREHOLDERS.

Subparagraph (A) of section 1361(b)(1) (defining small business corporation) is amended by striking "35 shareholders" and inserting "75 shareholders".

SEC. 1302. ELECTING SMALL BUSINESS TRUSTS.

(a) GENERAL RULE.—Subparagraph (A) of section 1361(c)(2) (relating to certain trusts permitted as shareholders) is amended by inserting after clause (iv) the following new clause:

"(v) An electing small business trust."

(b) CURRENT BENEFICIARIES TREATED AS SHAREHOLDERS.—Subparagraph (B) of section 1361(c)(2) is amended by adding at the end the following new clause:

"(v) In the case of a trust described in clause (v) of subparagraph (A), each potential current beneficiary of such trust shall be treated as a shareholder; except that, if for any period there is no potential current beneficiary of such trust, such trust shall be treated as the shareholder during such period."

(c) ELECTING SMALL BUSINESS TRUST DEFINED.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

"(e) ELECTING SMALL BUSINESS TRUST DEFINED.—

"(1) ELECTING SMALL BUSINESS TRUST.—For purposes of this section—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'electing small business trust' means any trust if—

"(i) such trust does not have as a beneficiary any person other than (I) an individual, (II) an estate, or (III) an organization described in paragraph (2), (3), (4), or (5) of section 170(c) which holds a contingent interest and is not a potential current beneficiary,

"(ii) no interest in such trust was acquired by purchase, and

"(iii) an election under this subsection applies to such trust.

"(B) CERTAIN TRUSTS NOT ELIGIBLE.—The term 'electing small business trust' shall not include—

"(i) any qualified subchapter S trust (as defined in subsection (d)(3)) if an election under subsection (d)(2) applies to any corporation the stock of which is held by such trust, and

"(ii) any trust exempt from tax under this subtitle.

"(C) PURCHASE.—For purposes of subparagraph (A), the term 'purchase' means any acquisition if the basis of the property acquired is determined under section 1012.

"(2) POTENTIAL CURRENT BENEFICIARY.—For purposes of this section, the term 'potential current beneficiary' means, with respect to any period, any person who at any time during such period is entitled to, or at the discretion of any person may receive, a distribution from the principal or income of the trust. If a trust disposes of all of the stock which it holds in an S corporation, then, with respect to such corporation, the term 'potential current beneficiary' does not include any person who first met the requirements of the preceding sentence during the 60-day period ending on the date of such disposition.

"(3) ELECTION.—An election under this subsection shall be made by the trustee. Any such election shall apply to the taxable year of the trust for which made and all subsequent taxable years of such trust unless revoked with the consent of the Secretary.

"(4) CROSS REFERENCE.—

"For special treatment of electing small business trusts, see section 641(d)."

(d) TAXATION OF ELECTING SMALL BUSINESS TRUSTS.—Section 641 (relating to imposition of tax on trusts) is amended by adding at the end the following new subsection:

"(d) SPECIAL RULES FOR TAXATION OF ELECTING SMALL BUSINESS TRUSTS.—

"(1) IN GENERAL.—For purposes of this chapter—

"(A) the portion of any electing small business trust which consists of stock in 1 or more S corporations shall be treated as a separate trust, and

"(B) the amount of the tax imposed by this chapter on such separate trust shall be determined with the modifications of paragraph (2).

"(2) MODIFICATIONS.—For purposes of paragraph (1), the modifications of this paragraph are the following:

"(A) Except as provided in section 1(h), the amount of the tax imposed by section 1(e) shall be determined by using the highest rate of tax set forth in section 1(e).

"(B) The exemption amount under section 55(d) shall be zero.

"(C) The only items of income, loss, deduction, or credit to be taken into account are the following:

"(i) The items required to be taken into account under section 1366.

"(ii) Any gain or loss from the disposition of stock in an S corporation.

"(iii) To the extent provided in regulations, State or local income taxes or administrative expenses to the extent allocable to items described in clauses (i) and (ii).

No deduction or credit shall be allowed for any amount not described in this paragraph, and no item described in this paragraph shall be apportioned to any beneficiary.

"(D) No amount shall be allowed under paragraph (1) or (2) of section 1211(b).

"(3) TREATMENT OF REMAINDER OF TRUST AND DISTRIBUTIONS.—For purposes of determining—

"(A) the amount of the tax imposed by this chapter on the portion of any electing small business trust not treated as a separate trust under paragraph (1), and

"(B) the distributable net income of the entire trust,

the items referred to in paragraph (2)(C) shall be excluded. Except as provided in the preceding sentence, this subsection shall not affect the taxation of any distribution from the trust.

"(4) TREATMENT OF UNUSED DEDUCTIONS WHERE TERMINATION OF SEPARATE TRUST.—If a portion of an electing small business trust ceases to be treated as a separate trust under paragraph (1), any carryover or excess deduction of the separate trust which is referred to in section 642(h) shall be taken into account by the entire trust.

"(5) ELECTING SMALL BUSINESS TRUST.—For purposes of this subsection, the term 'electing small business trust' has the meaning given such term by section 1361(e)(1)."

(e) TECHNICAL AMENDMENT.—Paragraph (1) of section 1366(a) is amended by inserting ", or of a trust or estate which terminates," after "who dies".

SEC. 1303. EXPANSION OF POST-DEATH QUALIFICATION FOR CERTAIN TRUSTS.

Subparagraph (A) of section 1361(c)(2) (relating to certain trusts permitted as shareholders) is amended—

(1) by striking "60-day period" each place it appears in clauses (ii) and (iii) and inserting "2-year period", and

(2) by striking the last sentence in clause (ii).

SEC. 1304. FINANCIAL INSTITUTIONS PERMITTED TO HOLD SAFE HARBOR DEBT.

Clause (iii) of section 1361(c)(5)(B) (defining straight debt) is amended by striking "or a trust described in paragraph (2)" and inserting "a trust described in paragraph (2), or a person which is actively and regularly engaged in the business of lending money".

SEC. 1305. RULES RELATING TO INADVERTENT TERMINATIONS AND INVALID ELECTIONS.

(a) GENERAL RULE.—Subsection (f) of section 1362 (relating to inadvertent terminations) is amended to read as follows:

"(f) INADVERTENT INVALID ELECTIONS OR TERMINATIONS.—If—

"(1) an election under subsection (a) by any corporation—

"(A) was not effective for the taxable year for which made (determined without regard to subsection (b)(2)) by reason of a failure to meet the requirements of section 1361(b) or to obtain shareholder consents, or

"(B) was terminated under paragraph (2) or (3) of subsection (d),

"(2) the Secretary determines that the circumstances resulting in such ineffectiveness or termination were inadvertent,

"(3) no later than a reasonable period of time after discovery of the circumstances resulting in such ineffectiveness or termination, steps were taken—

"(A) so that the corporation is a small business corporation, or

"(B) to acquire the required shareholder consents, and

"(4) the corporation, and each person who was a shareholder in the corporation at any time during the period specified pursuant to this subsection, agrees to make such adjustments (consistent with the treatment of the corporation as an S corporation) as may be required by the Secretary with respect to such period,

then, notwithstanding the circumstances resulting in such ineffectiveness or termination, such corporation shall be treated as an S corporation during the period specified by the Secretary."

(b) LATE ELECTIONS, ETC.—Subsection (b) of section 1362 is amended by adding at the end the following new paragraph:

"(5) AUTHORITY TO TREAT LATE ELECTIONS, ETC., AS TIMELY.—If—

"(A) an election under subsection (a) is made for any taxable year (determined without regard to paragraph (3)) after the date prescribed by this subsection for making such election for such taxable year or no such election is made for any taxable year, and

"(B) the Secretary determines that there was reasonable cause for the failure to timely make such election,

the Secretary may treat such an election as timely made for such taxable year (and paragraph (3) shall not apply)."

(c) EFFECTIVE DATE.—The amendments made by subsection (a) and (b) shall apply with respect to elections for taxable years beginning after December 31, 1982.

SEC. 1306. AGREEMENT TO TERMINATE YEAR.

Paragraph (2) of section 1377(a) (relating to pro rata share) is amended to read as follows:

"(2) ELECTION TO TERMINATE YEAR.—

"(A) IN GENERAL.—Under regulations prescribed by the Secretary, if any shareholder terminates the shareholder's interest in the corporation during the taxable year and all affected shareholders and the corporation agree to the application of this paragraph, paragraph (1) shall be applied to the affected shareholders as if the taxable year consisted of 2 taxable years the first of which ends on the date of the termination.

"(B) AFFECTED SHAREHOLDERS.—For purposes of subparagraph (A), the term 'affected shareholders' means the shareholder whose interest is terminated and all shareholders to whom such shareholder has transferred shares during the taxable year. If such shareholder has transferred shares to the corporation, the term 'affected shareholders' shall include all persons who are shareholders during the taxable year."

SEC. 1307. EXPANSION OF POST-TERMINATION TRANSITION PERIOD.

(a) IN GENERAL.—Paragraph (1) of section 1377(b) (relating to post-termination transition period) is amended by striking "and" at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and by inserting after subparagraph (A) the following new subparagraph:

"(B) the 120-day period beginning on the date of any determination pursuant to an audit of the taxpayer which follows the termination of the corporation's election and which adjusts a subchapter S item of income, loss, or deduction of the corporation arising during the S period (as defined in section 1368(e)(2)), and".

(b) DETERMINATION DEFINED.—Paragraph (2) of section 1377(b) is amended by striking subparagraphs (A) and (B), by redesignating subparagraph (C) as subparagraph (B), and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) a determination as defined in section 1313(a), or".

(c) REPEAL OF SPECIAL AUDIT PROVISIONS FOR SUBCHAPTER S ITEMS.—

(1) GENERAL RULE.—Subchapter D of chapter 63 (relating to tax treatment of subchapter S items) is hereby repealed.

(2) CONSISTENT TREATMENT REQUIRED.—Section 6037 (relating to return of S corporation) is amended by adding at the end the following new subsection:

"(c) SHAREHOLDER'S RETURN MUST BE CONSISTENT WITH CORPORATE RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—

"(1) IN GENERAL.—A shareholder of an S corporation shall, on such shareholder's return, treat a subchapter S item in a manner which is consistent with the treatment of such item on the corporate return.

"(2) NOTIFICATION OF INCONSISTENT TREATMENT.—

"(A) IN GENERAL.—In the case of any subchapter S item, if—

"(i)(I) the corporation has filed a return but the shareholder's treatment on his return is (or may be) inconsistent with the treatment of the item on the corporate return, or

"(II) the corporation has not filed a return, and

"(ii) the shareholder files with the Secretary a statement identifying the inconsistency,

paragraph (1) shall not apply to such item.

"(B) SHAREHOLDER RECEIVING INCORRECT INFORMATION.—A shareholder shall be treated as having complied with clause (ii) of subparagraph (A) with respect to a subchapter S item if the shareholder—

"(i) demonstrates to the satisfaction of the Secretary that the treatment of the subchapter S item on the shareholder's return is consistent with the treatment of the item on the schedule furnished to the shareholder by the corporation, and

"(ii) elects to have this paragraph apply with respect to that item.

"(3) EFFECT OF FAILURE TO NOTIFY.—In any case—

"(A) described in subparagraph (A)(i)(I) of paragraph (2), and

"(B) in which the shareholder does not comply with subparagraph (A)(ii) of paragraph (2), any adjustment required to make the treatment of the items by such shareholder consistent with the treatment of the items on the corporate return shall be treated as arising out of mathematical or clerical errors and assessed according to section 6213(b)(1). Paragraph (2) of section 6213(b) shall not apply to any assessment referred to in the preceding sentence.

"(4) SUBCHAPTER S ITEM.—For purposes of this subsection, the term 'subchapter S item' means any item of an S corporation to the extent that regulations prescribed by the Secretary provide that, for purposes of this subtitle, such item is more appropriately determined at the corporation level than at the shareholder level.

"(5) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—

"For addition to tax in the case of a shareholder's negligence in connection with, or disregard of, the requirements of this section, see part II of subchapter A of chapter 68."

(3) CONFORMING AMENDMENTS.—

(A) Section 1366 is amended by striking subsection (g).

(B) Subsection (b) of section 6233 is amended to read as follows:

"(b) SIMILAR RULES IN CERTAIN CASES.—If a partnership return is filed for any taxable year but it is determined that there is no entity for such taxable year, to the extent provided in regulations, rules similar to the rules of subsection (a) shall apply."

(C) The table of subchapters for chapter 63 is amended by striking the item relating to subchapter D.

SEC. 1308. S CORPORATIONS PERMITTED TO HOLD SUBSIDIARIES.

(a) IN GENERAL.—Paragraph (2) of section 1361(b) (defining ineligible corporation) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively.

(b) TREATMENT OF CERTAIN WHOLLY OWNED S CORPORATION SUBSIDIARIES.—Section 1361(b) (defining small business corporation) is amended by adding at the end the following new paragraph:

"(3) TREATMENT OF CERTAIN WHOLLY OWNED SUBSIDIARIES.—

"(A) IN GENERAL.—For purposes of this title—

"(i) a corporation which is a qualified subchapter S subsidiary shall not be treated as a separate corporation, and

"(ii) all assets, liabilities, and items of income, deduction, and credit of a qualified subchapter S subsidiary shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

"(B) QUALIFIED SUBCHAPTER S SUBSIDIARY.—For purposes of this paragraph, the term 'qualified subchapter S subsidiary' means any domestic corporation which is not an ineligible corporation (as defined in paragraph (2)), if—

"(i) 100 percent of the stock of such corporation is held by the S corporation, and

"(ii) the S corporation elects to treat such corporation as a qualified subchapter S subsidiary.

"(C) TREATMENT OF TERMINATIONS OF QUALIFIED SUBCHAPTER S SUBSIDIARY STATUS.—For purposes of this title, if any corporation which was a qualified subchapter S subsidiary ceases to meet the requirements of subparagraph (B), such corporation shall be treated as a new corporation acquiring all of its assets (and assuming all of its liabilities) immediately before such cessation from the S corporation in exchange for its stock."

(c) CERTAIN DIVIDENDS NOT TREATED AS PASSIVE INVESTMENT INCOME.—Paragraph (3) of section 1362(d) is amended by adding at the end the following new subparagraph:

"(F) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business."

(d) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1361 is amended by striking paragraph (6).

(2) Subsection (b) of section 1504 (defining includible corporation) is amended by adding at the end the following new paragraph:

"(8) An S corporation."

SEC. 1309. TREATMENT OF DISTRIBUTIONS DURING LOSS YEARS.

(a) ADJUSTMENTS FOR DISTRIBUTIONS TAKEN INTO ACCOUNT BEFORE LOSSES.—

(1) Subparagraph (A) of section 1366(d)(1) (relating to losses and deductions cannot exceed shareholder's basis in stock and debt) is amended by striking "paragraph (1)" and inserting "paragraphs (1) and (2)(A)".

(2) Subsection (d) of section 1368 (relating to certain adjustments taken into account) is amended by adding at the end the following new sentence:

"In the case of any distribution made during any taxable year, the adjusted basis of the stock shall be determined with regard to the adjustments provided in paragraph (1) of section 1367(a) for the taxable year."

(b) ACCUMULATED ADJUSTMENTS ACCOUNT.—Paragraph (1) of section 1368(e) (relating to accumulated adjustments account) is amended by adding at the end the following new subparagraph:

"(C) NET LOSS FOR YEAR DISREGARDED.—

"(i) IN GENERAL.—In applying this section to distributions made during any taxable year, the amount in the accumulated adjustments account as of the close of such taxable year shall be determined without regard to any net negative adjustment for such taxable year.

"(ii) NET NEGATIVE ADJUSTMENT.—For purposes of clause (i), the term 'net negative adjustment' means, with respect to any taxable year, the excess (if any) of—

"(I) the reductions in the account for the taxable year (other than for distributions), over

"(II) the increases in such account for such taxable year."

(c) CONFORMING AMENDMENTS.—Subparagraph (A) of section 1368(e)(1) is amended—

(1) by striking "as provided in subparagraph (B)" and inserting "as otherwise provided in this paragraph", and

(2) by striking "section 1367(b)(2)(A)" and inserting "section 1367(a)(2)".

SEC. 1310. TREATMENT OF S CORPORATIONS UNDER SUBCHAPTER C.

Subsection (a) of section 1371 (relating to application of subchapter C rules) is amended to read as follows:

"(a) APPLICATION OF SUBCHAPTER C RULES.—Except as otherwise provided in this title, and except to the extent inconsistent with this subchapter, subchapter C shall apply to an S corporation and its shareholders."

SEC. 1311. ELIMINATION OF CERTAIN EARNINGS AND PROFITS.

(a) IN GENERAL.—If—

(1) a corporation was an electing small business corporation under subchapter S of chapter 1 of the Internal Revenue Code of 1986 for any taxable year beginning before January 1, 1983, and

(2) such corporation is an S corporation under subchapter S of chapter 1 of such Code for its first taxable year beginning after December 31, 1996,

the amount of such corporation's accumulated earnings and profits (as of the beginning of such first taxable year) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under such subchapter S.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 1362(d), as amended by section 1308, is amended—

(A) by striking "SUBCHAPTER C" in the paragraph heading and inserting "ACCUMULATED",

(B) by striking "subchapter C" in subparagraph (A)(i)(I) and inserting "accumulated", and

(C) by striking subparagraph (B) and redesignating the following subparagraphs accordingly.

(2)(A) Subsection (a) of section 1375 is amended by striking "subchapter C" in paragraph (1) and inserting "accumulated".

(B) Paragraph (3) of section 1375(b) is amended to read as follows:

"(3) PASSIVE INVESTMENT INCOME, ETC.—The terms 'passive investment income' and 'gross receipts' have the same respective meanings as when used in paragraph (3) of section 1362(d)."

*(C) The section heading for section 1375 is amended by striking "**subchapter c**" and inserting "**accumulated**".*

(D) The table of sections for part III of subchapter S of chapter 1 is amended by striking "subchapter C" in the item relating to section 1375 and inserting "accumulated".

(3) Clause (i) of section 1042(c)(4)(A) is amended by striking "section 1362(d)(3)(D)" and inserting "section 1362(d)(3)(C)".

SEC. 1312. CARRYOVER OF DISALLOWED LOSSES AND DEDUCTIONS UNDER AT-RISK RULES ALLOWED.

Paragraph (3) of section 1366(d) (relating to carryover of disallowed losses and deductions to post-termination transition period) is amended by adding at the end the following new subparagraph:

"(D) AT-RISK LIMITATIONS.—To the extent that any increase in adjusted basis described in subparagraph (B) would have increased the shareholder's amount at risk under section 465 if such increase had occurred on the day preceding the commencement of the post-termination transition period, rules similar to the rules described in subparagraphs (A) through (C) shall apply to any losses disallowed by reason of section 465(a)."

SEC. 1313. ADJUSTMENTS TO BASIS OF INHERITED S STOCK TO REFLECT CERTAIN ITEMS OF INCOME.

(a) IN GENERAL.—Subsection (b) of section 1367 (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end the following new paragraph:

"(4) ADJUSTMENTS IN CASE OF INHERITED STOCK.—

"(A) IN GENERAL.—If any person acquires stock in an S corporation by reason of the death of a decedent or by bequest, devise, or inheritance, section 691 shall be applied with respect to any item of income of the S corporation in the same manner as if the decedent had held directly his pro rata share of such item.

"(B) ADJUSTMENTS TO BASIS.—The basis determined under section 1014 of any stock in an S corporation shall be reduced by the portion of the value of the stock which is attributable to items constituting income in respect of the decedent."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of decedents dying after the date of the enactment of this Act.

SEC. 1314. S CORPORATIONS ELIGIBLE FOR RULES APPLICABLE TO REAL PROPERTY SUBDIVIDED FOR SALE BY NONCORPORATE TAXPAYERS.

(a) IN GENERAL.—Subsection (a) of section 1237 (relating to real property subdivided for sale) is amended by striking "other than a corporation" in the material preceding paragraph (1) and inserting "other than a C corporation".

(b) CONFORMING AMENDMENT.—Subparagraph (A) of section 1237(a)(2) is amended by inserting "an S corporation which included the taxpayer as a shareholder," after "controlled by the taxpayer,".

SEC. 1315. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this subtitle, the amendments made by this subtitle shall apply to taxable years beginning after December 31, 1996.

(b) TREATMENT OF CERTAIN ELECTIONS UNDER PRIOR LAW.—For purposes of section 1362(g) of the Internal Revenue Code of 1986 (relating to election after termination), any termination under section 1362(d) of such Code in a taxable year beginning before January 1, 1997, shall not be taken into account.

Subtitle D—Pension Simplification

CHAPTER 1—SIMPLIFIED DISTRIBUTION RULES

SEC. 1401. REPEAL OF 5-YEAR INCOME AVERAGING FOR LUMP-SUM DISTRIBUTIONS.

(a) IN GENERAL.—Subsection (d) of section 402 (relating to taxability of beneficiary of employees' trust) is amended to read as follows:

"(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)."

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (D) of section 402(e)(4) (relating to other rules applicable to exempt trusts) is amended to read as follows:

"(D) LUMP-SUM DISTRIBUTION.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'lump sum distribution' means the distribution or payment within one taxable year of the recipient of the balance to the credit of an employee which becomes payable to the recipient—

"(I) on account of the employee's death,

"(II) after the employee attains age 59½,

"(III) on account of the employee's separation from service, or

"(IV) after the employee has become disabled (within the meaning of section 72(m)(7)),

from a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501 or from a plan described in section 403(a). Subclause (III) of this clause shall be applied only with respect to an individual who is an employee without regard to section 401(c)(1), and subclause (IV) shall be applied only with respect to an employee within the meaning of section 401(c)(1). For purposes of this clause, a distribution to two or more trusts shall be treated as a distribution to one recipient. For purposes of this paragraph, the balance to the credit of the employee does not include the accumulated deductible employee contributions under the plan (within the meaning of section 72(o)(5)).

"(ii) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining the balance to the credit of an employee under clause (i)—

"(I) all trusts which are part of a plan shall be treated as a single trust, all pension plans maintained by the employer shall be treated as a single plan, all profit-sharing plans maintained by the employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(II) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a)(2) shall not be taken into account.

"(iii) COMMUNITY PROPERTY LAWS.—The provisions of this paragraph shall be applied without regard to community property laws.

"(iv) AMOUNTS SUBJECT TO PENALTY.—This paragraph shall not apply to amounts described in subparagraph (A) of section 72(m)(5) to the extent that section 72(m)(5) applies to such amounts.

"(v) BALANCE TO CREDIT OF EMPLOYEE NOT TO INCLUDE AMOUNTS PAYABLE UNDER QUALIFIED DOMESTIC RELATIONS ORDER.—For purposes of this paragraph, the balance to the credit of an employee shall not include any amount payable to an alternate payee under a qualified domestic relations order (within the meaning of section 414(p)).

"(vi) TRANSFERS TO COST-OF-LIVING ARRANGEMENT NOT TREATED AS DISTRIBUTION.—For purposes of this paragraph, the balance to the credit of an employee under a defined contribution plan shall not include any amount transferred from such defined contribution plan to a qualified cost-of-living arrangement (within the meaning of section 415(k)(2)) under a defined benefit plan.

"(vii) LUMP-SUM DISTRIBUTIONS OF ALTERNATE PAYEES.—If any distribution or payment of the balance to the credit of an employee would be treated as a lump-sum distribution, then, for purposes of this paragraph, the payment under a qualified domestic relations order (within the meaning of section 414(p)) of the balance to the credit of an alternate payee who is the spouse or former spouse of the employee shall be treated as a lump-sum distribution. For purposes of this clause, the balance to the credit of the alternate payee shall not include any amount payable to the employee."

(2) Section 402(c) (relating to rules applicable to rollovers from exempt trusts) is amended by striking paragraph (10).

(3) Paragraph (1) of section 55(c) (defining regular tax) is amended by striking "shall not include any tax imposed by section 402(d) and".

(4) Paragraph (8) of section 62(a) (relating to certain portion of lump-sum distributions from pension plans taxed under section 402(d)) is hereby repealed.

(5) Section 401(a)(28)(B) (relating to coordination with distribution rules) is amended by striking clause (v).

(6) Subparagraph (B)(ii) of section 401(k)(10) (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' has the meaning given such term by section 402(e)(4)(D) (without regard to subclauses (I), (II), (III), and (IV) of clause (i) thereof)."

(7) Section 406(c) (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.

(8) Section 407(c) (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.

(9) Section 691(c) (relating to deduction for estate tax) is amended by striking paragraph (5).

(10) Paragraph (1) of section 871(b) (relating to imposition of tax) is amended by striking "section 1, 55, or 402(d)(1)" and inserting "section 1 or 55".

(11) Subsection (b) of section 877 (relating to alternative tax) is amended by striking "section 1, 55, or 402(d)(1)" and inserting "section 1 or 55".

(12) Section 4980A(c)(4) is amended—

(A) by striking "to which an election under section 402(d)(4)(B) applies" and inserting "(as defined in section 402(e)(4)(D)) with respect to which the individual elects to have this paragraph apply",

(B) by adding at the end the following new flush sentence:

"An individual may elect to have this paragraph apply to only one lump-sum distribution.", and

(C) by striking the heading and inserting:

"(4) SPECIAL ONE-TIME ELECTION.—".

(13) Section 402(e) is amended by striking paragraph (5).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

(2) RETENTION OF CERTAIN TRANSITION RULES.—Notwithstanding any other provision of this section, the amendments made by this section shall not apply to any distribution for which the taxpayer elects the benefits of section 1122 (h)(3) or (h)(5) of the Tax Reform Act of 1986. For purposes of the preceding sentence, the rules of sections 402(c)(10) and 402(d) of the Internal Revenue Code of 1986 (as in effect before the amendments made by this Act) shall apply.

SEC. 1402. REPEAL OF $5,000 EXCLUSION OF EMPLOYEES' DEATH BENEFITS.

(a) IN GENERAL.—Subsection (b) of section 101 is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 101 is amended by striking "subsection (a) or (b)" and inserting "subsection (a)".

(2) Sections 406(e) and 407(e) are each amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(3) Section 7701(a)(20) is amended by striking ", for the purpose of applying the provisions of section 101(b) with respect to employees' death benefits".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to decedents dying after the date of the enactment of this Act.

SEC. 1403. 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 date is:	*The number of anticipated payments is:*
Not more than 55	*360*
More than 55 but not more than 60	*310*
More than 60 but not more than 65	*260*
More than 65 but not more than 70	*210*
More than 70	*160.*

"(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 retirement 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 after the 90th day after the date of the enactment of this Act.

SEC. 1404. REQUIRED DISTRIBUTIONS.

(a) IN GENERAL.—Section 401(a)(9)(C) (defining required beginning date) is amended to read as follows:

"(C) REQUIRED BEGINNING DATE.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'required beginning date' means April 1 of the calendar year following the later of—

"(I) the calendar year in which the employee attains age 70½, or

"(II) the calendar year in which the employee retires.

"(ii) EXCEPTION.—Subclause (II) of clause (i) shall not apply—

"(I) except as provided in section 409(d), in the case of an employee who is a 5-percent owner (as defined in section 416) with respect to the plan year ending in the calendar year in which the employee attains age 70½, or

"(II) for purposes of section 408 (a)(6) or (b)(3).

"(iii) ACTUARIAL ADJUSTMENT.—In the case of an employee to whom clause (i)(II) applies who retires in a calendar year after the calendar year in which the employee attains age 70½, the employee's accrued benefit shall be actuarially increased to take into account the period after age 70½ in which the employee was not receiving any benefits under the plan.

"(iv) EXCEPTION FOR GOVERNMENTAL AND CHURCH PLANS.—Clauses (ii) and (iii) shall not apply in the case of a governmental plan or church plan. For purposes of this clause, the term 'church plan' means a plan maintained by a church for church employees, and the term 'church' means any church (as defined in section 3121(w)(3)(A)) or qualified church-controlled organization (as defined in section 3121(w)(3)(B)).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1996.

CHAPTER 2—INCREASED ACCESS TO PENSION PLANS

Subchapter A—Simple Savings Plans

SEC. 1421. ESTABLISHMENT OF SAVINGS INCENTIVE MATCH PLANS FOR EMPLOYEES OF SMALL EMPLOYERS.

(a) IN GENERAL.—Section 408 (relating to individual retirement accounts) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) SIMPLE RETIREMENT ACCOUNTS.—

"(1) IN GENERAL.—For purposes of this title, the term 'simple retirement account' means an individual retirement plan (as defined in section 7701(a)(37))—

"(A) with respect to which the requirements of paragraphs (3), (4), and (5) are met; and

"(B) with respect to which the only contributions allowed are contributions under a qualified salary reduction arrangement.

"(2) QUALIFIED SALARY REDUCTION ARRANGEMENT.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'qualified salary reduction arrangement' means a written arrangement of an eligible employer under which—

"(i) an employee eligible to participate in the arrangement may elect to have the employer make payments—

"(I) as elective employer contributions to a simple retirement account 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 is required to be expressed as a percentage of compensation and may not exceed a total of $6,000 for any year,

"(iii) the employer is required to make a matching contribution to the simple retirement account for any year in an amount equal to so much of the amount the employee elects under clause (i)(I) as does not exceed the applicable percentage of compensation for the year, and

"(iv) no contributions may be made other than contributions described in clause (i) or (iii).

"(B) EMPLOYER MAY ELECT 2-PERCENT NONELECTIVE CONTRIBUTION.—An employer shall be treated as meeting the requirements of subparagraph (A)(iii) for any year if, in lieu of the contributions described in such clause, the employer elects to make nonelective contributions of 2 percent of compensation for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year. If an employer makes an election under this subparagraph for any year, the employer shall notify employees of such election within a reasonable period of time before the 30-day period for such year under paragraph (5)(C).

"(C) DEFINITIONS.—For purposes of this subsection—

"(i) ELIGIBLE EMPLOYER.—The term 'eligible employer' means an employer who employs 100 or fewer employees on any day during the year.

"(ii) APPLICABLE PERCENTAGE.—

"(I) IN GENERAL.—The term 'applicable percentage' means 3 percent.

"(II) ELECTION OF LOWER PERCENTAGE.—An employer may elect to apply a lower percentage (not less than 1 percent) for any year for all employees eligible to participate in the plan for such year if the employer notifies the employees of such lower percentage within a reasonable period of time before the 30-day election period for such year under paragraph (5)(C). An employer may not elect a lower percentage under this subclause for any year if that election would result in the applicable percentage being lower than 3 percent in more than 2 of the years in the 5-year period ending with such year.

"(III) SPECIAL RULE FOR YEARS ARRANGEMENT NOT IN EFFECT.—If any year in the 5-year period described in subclause (II) is a year prior to the first year for which any qualified salary reduction arrangement is in effect with respect to the employer (or any predecessor), the employer shall be treated as if the level of the employer matching contribution was at 3 percent of compensation for such prior year.

"(D) 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 benefits were accrued, for service in 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) QUALIFIED PLAN.—For purposes of this subparagraph, the term 'qualified plan' means a plan, contract, pension, or trust described in subparagraph (A) or (B) of section 219(g)(5).

"(E) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust the $6,000 amount under subparagraph (A)(ii) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter ending September 30, 1995, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.

"(3) VESTING REQUIREMENTS.—The requirements of this paragraph are met with respect to a simple retirement account if the employee's rights to any contribution to the simple retirement account are nonforfeitable. For purposes of this paragraph, rules similar to the rules of subsection (k)(4) shall apply.

"(4) PARTICIPATION REQUIREMENTS.—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to any simple retirement account for a year only if, under the qualified salary reduction arrangement, all employees of the employer who—

"(i) received at least $5,000 in compensation from the employer during any 2 preceding years, and

"(ii) are reasonably expected to receive at least $5,000 in compensation during the year,

are eligible to make the election under paragraph (2)(A)(i) or receive the nonelective contribution described in paragraph (2)(B).

"(B) EXCLUDABLE EMPLOYEES.—An employer may elect to exclude from the requirement under subparagraph (A) employees described in section 410(b)(3).

"(5) ADMINISTRATIVE REQUIREMENTS.—The requirements of this paragraph are met with respect to any simplified retirement account if, under the qualified salary reduction arrangement—

"(A) an employer must—

"(i) make the elective employer contributions under paragraph (2)(A)(i) not later than the close of the 30-day period following the last day of the month with respect to which the contributions are to be made, and

"(ii) make the matching contributions under paragraph (2)(A)(iii) or the nonelective contributions under paragraph (2)(B) not later than the date described in section 404(m)(2)(B),

"(B) an employee may elect to terminate participation in such arrangement at any time during the year, except that if an employee so terminates, the arrangement may provide that the employee may not elect to resume participation until the beginning of the next year, and

"(C) each employee eligible to participate may elect, during the 30-day period before the beginning of any year (and the 30-day period before the first day such employee is eligible to participate), to participate in the arrangement, or to modify the amounts subject to such arrangement, for such year.

"(6) DEFINITIONS.—For purposes of this subsection—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The term 'compensation' means amounts described in paragraphs (3) and (8) of section 6051(a).

"(ii) SELF-EMPLOYED.—In the case of an employee described in subparagraph (B), the term 'compensation' means net earnings from self-employment determined under section 1402(a) without regard to any contribution under this subsection.

"(B) EMPLOYEE.—The term 'employee' includes an employee as defined in section 401(c)(1).

"(C) YEAR.—The term 'year' means the calendar year."

(b) TAX TREATMENT OF SIMPLE RETIREMENT ACCOUNTS.—

(1) DEDUCTIBILITY OF CONTRIBUTIONS BY EMPLOYEES.—

(A) Section 219(b) (relating to maximum amount of deduction) is amended by adding at the end the following new paragraph:

"(4) SPECIAL RULE FOR SIMPLE RETIREMENT ACCOUNTS.—This section shall not apply with respect to any amount contributed to a simple retirement account established under section 408(p)."

(B) Section 219(g)(5)(A) (defining active participant) is amended by striking "or" at the end of clause (iv) and by adding at the end the following new clause:

"(vi) any simple retirement account (within the meaning of section 408(p)), or".

(2) DEDUCTIBILITY OF EMPLOYER CONTRIBUTIONS.—Section 404 (relating to deductions for contributions of an employer to pension, etc. plans) is amended by adding at the end the following new subsection:

"(m) SPECIAL RULES FOR SIMPLE RETIREMENT ACCOUNTS.—

"(1) IN GENERAL.—Employer contributions to a simple retirement account shall be treated as if they are made to a plan subject to the requirements of this section.

"(2) TIMING.—

"(A) DEDUCTION.—Contributions described in paragraph (1) shall be deductible in the taxable year of the employer with or within which the calendar year for which the contributions were made ends.

"(B) CONTRIBUTIONS AFTER END OF YEAR.—For purposes of this subsection, contributions shall be treated as made for a taxable year if they are made on account of the taxable year and are made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof)."

(3) CONTRIBUTIONS AND DISTRIBUTIONS.—

(A) Section 402 (relating to taxability of beneficiary of employees' trust) is amended by adding at the end the following new subsection:

"(k) TREATMENT OF SIMPLE RETIREMENT ACCOUNTS.—Rules similar to the rules of paragraphs (1) and (3) of subsection (h) shall apply to contributions and distributions with respect to a simple retirement account under section 408(p)."

(B) Section 408(d)(3) is amended by adding at the end the following new subparagraph:

"(G) SIMPLE RETIREMENT ACCOUNTS.—This paragraph shall not apply to any amount paid or distributed out of a simple retirement account (as defined in section 408(p)) unless—

"(i) it is paid into another simple retirement account, or

"(ii) in the case of any payment or distribution to which section 72(t)(8) does not apply, it is paid into an individual retirement plan."

(C) Clause (i) of section 457(c)(2)(B) is amended by striking "section 402(h)(1)(B)" and inserting "section 402(h)(1)(B) or (k)".

(4) PENALTIES.—

(A) EARLY WITHDRAWALS.—Section 72(t) (relating to additional tax in early distributions), as amended by this Act, is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULES FOR SIMPLE RETIREMENT ACCOUNTS.—In the case of any amount received from a simple retirement account (within the meaning of section 408(p)) during the 2-year period beginning on the date such individual first participated in any qualified salary reduction arrangement maintained by the individual's employer under section 408(p)(2), paragraph (1) shall be applied by substituting '25 percent' for '10 percent'."

(B) FAILURE TO REPORT.—Section 6693 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) PENALTIES RELATING TO SIMPLE RETIREMENT ACCOUNTS.—

"(1) EMPLOYER PENALTIES.—An employer who fails to provide 1 or more notices required by section 408(l)(2)(C) shall pay a penalty of $50 for each day on which such failures continue.

"(2) TRUSTEE PENALTIES.—A trustee who fails—

"(A) to provide 1 or more statements required by the last sentence of section 408(i) shall pay a penalty of $50 for each day on which such failures continue, or

"(B) to provide 1 or more summary descriptions required by section 408(l)(2)(B) shall pay a penalty of $50 for each day on which such failures continue.

"(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection with respect to any failure which the taxpayer shows was due to reasonable cause."

(5) REPORTING REQUIREMENTS.—

(A) Section 408(l) is amended by adding at the end the following new paragraph:

"(2) SIMPLE RETIREMENT ACCOUNTS.—

"(A) NO EMPLOYER REPORTS.—Except as provided in this paragraph, no report shall be required under this section by an employer maintaining a qualified salary reduction arrangement under subsection (p).

"(B) SUMMARY DESCRIPTION.—The trustee of any simple retirement account established pursuant to a qualified salary reduction arrangement under subsection (p) shall provide to the employer maintaining the arrangement, each year 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 (including rollovers) from the arrangement.

"(C) EMPLOYEE NOTIFICATION.—The employer shall notify each employee immediately before the period for which an election described in subsection (p)(5)(C) may be made of the employee's opportunity to make such election. Such notice shall include a copy of the description described in subparagraph (B)."

(B) Section 408(l) is amended by striking "An employer" and inserting the following:

"(1) IN GENERAL.—An employer".

(6) REPORTING REQUIREMENTS.—Section 408(i) is amended by adding at the end the following new flush sentence:

"In the case of a simple retirement account under subsection (p), only one report under this subsection shall be required to be submitted each calendar year to the Secretary (at the time provided under paragraph (2)) but, in addition to the report under this subsection, there shall be furnished, within 30 days after each calendar year, to the individual on whose behalf the account is maintained a statement with respect to the account balance as of the close of, and the account activity during, such calendar year."

(7) EXEMPTION FROM TOP-HEAVY PLAN RULES.—Section 416(g)(4) (relating to special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

"(G) SIMPLE RETIREMENT ACCOUNTS.—The term 'top-heavy plan' shall not include a simple retirement account under section 408(p)."

(8) EMPLOYMENT TAXES.—

(A) Paragraph (5) of section 3121(a) is amended by striking "or" at the end of subparagraph (F), by inserting "or" at the end of subparagraph (G), and by adding at the end the following new subparagraph:

"(H) under an arrangement to which section 408(p) applies, other than any elective contributions under paragraph (2)(A)(i) thereof,".

(B) Section 209(a)(4) of the Social Security Act is amended by inserting ", or (J) under an arrangement to which section 408(p) of such Code applies, other than any elective contributions under paragraph (2)(A)(i) thereof" before the semicolon at the end thereof.

(C) Paragraph (5) of section 3306(b) is amended by striking "or" at the end of subparagraph (F), by inserting "or" at the end of subparagraph (G), and by adding at the end the following new subparagraph:

"(H) under an arrangement to which section 408(p) applies, other than any elective contributions under paragraph (2)(A)(i) thereof,".

(D) Paragraph (12) of section 3401(a) is amended by adding the following new subparagraph:

"(D) under an arrangement to which section 408(p) applies; or".

(9) CONFORMING AMENDMENTS.—

(A) Section 280G(b)(6) is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or" and by adding after subparagraph (C) the following new subparagraph:

"(D) a simple retirement account described in section 408(p)."

(B) Section 402(g)(3) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by adding after subparagraph (C) the following new subparagraph:

"(D) any elective employer contribution under section 408(p)(2)(A)(i)."

(C) Subsections (b), (c), (m)(4)(B), and (n)(3)(B) of section 414 are each amended by inserting "408(p)," after "408(k),".

(D) Section 4972(d)(1)(A) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding after clause (iii) the following new clause:

"(iv) any simple retirement account (within the meaning of section 408(p))."

(c) REPEAL OF SALARY REDUCTION SIMPLIFIED EMPLOYEE PENSIONS.—Section 408(k)(6) is amended by adding at the end the following new subparagraph:

"(H) TERMINATION.—This paragraph shall not apply to years beginning after December 31, 1996. The preceding sentence shall not apply to a simplified employee pension if the terms of such pension, as in effect on December 31, 1996, provide that an employee may make the election described in subparagraph (A)."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1422. EXTENSION OF SIMPLE PLAN TO 401(k) ARRANGEMENTS.

(a) ALTERNATIVE METHOD OF SATISFYING SECTION 401(k) NONDISCRIMINATION TESTS.—Section 401(k) (relating to cash or deferred arrangements) is amended by adding at the end the following new paragraph:

"(11) ADOPTION OF SIMPLE PLAN TO MEET NONDISCRIMINATION TESTS.—

"(A) IN GENERAL.—A cash or deferred arrangement maintained by an eligible employer shall be treated as meeting the requirements of paragraph (3)(A)(ii) if such arrangement meets—

"(i) the contribution requirements of subparagraph (B),

"(ii) the exclusive benefit requirements of subparagraph (C), and

"(iii) the vesting requirements of section 408(p)(3).

"(B) CONTRIBUTION REQUIREMENTS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement—

"(I) an employee may elect to have the employer make elective contributions for the year on behalf of the employee to a trust under the plan in an amount which is expressed as a percentage of compensation of the employee but which in no event exceeds $6,000,

"(II) the employer is required to make a matching contribution to the trust for the year in an amount equal to so much of the amount the employee elects under subclause (I) as does not exceed 3 percent of compensation for the year, and

"(III) no other contributions may be made other than contributions described in subclause (I) or (II).

"(ii) EMPLOYER MAY ELECT 2-PERCENT NONELECTIVE CONTRIBUTION.—An employer shall be treated as meeting the requirements of clause (i)(II) for any year if, in lieu of the contributions described in such clause, the employer elects (pursuant to the terms of the arrangement) to make nonelective contributions of 2 percent of compensation for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year. If an employer makes an election under this subparagraph for any year, the employer shall notify employees of such election within a reasonable period of time before the 30th day before the beginning of such year.

"(C) EXCLUSIVE BENEFIT.—The requirements of this subparagraph are met for any year to which this paragraph applies if no contributions were made, or benefits were accrued, for services during such year under any qualified plan of the employer on behalf of any employee eligible to participate in the cash or deferred arrangement, other than contributions described in subparagraph (B).

"(D) DEFINITIONS AND SPECIAL RULE.—

"(i) DEFINITIONS.—For purposes of this paragraph, any term used in this paragraph which is also used in section 408(p) shall have the meaning given such term by such section.

"(ii) COORDINATION WITH TOP-HEAVY RULES.—A plan meeting the requirements of this paragraph for any year shall not be treated as a top-heavy plan under section 416 for such year."

(b) ALTERNATIVE METHODS OF SATISFYING SECTION 401(m) NONDISCRIMINATION TESTS.—Section 401(m) (relating to nondiscrimination test for matching contributions and employee contributions) is amended by redesignating paragraph (10) as paragraph (11) and by adding after paragraph (9) the following new paragraph:

"(10) ALTERNATIVE METHOD OF SATISFYING TESTS.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

"(A) meets the contribution requirements of subparagraph (B) of subsection (k)(11),

"(B) meets the exclusive benefit requirements of subsection (k)(11)(C), and

"(C) meets the vesting requirements of section 408(p)(3)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1996.

Subchapter B—Other Provisions

SEC. 1426. TAX-EXEMPT ORGANIZATIONS ELIGIBLE UNDER SECTION 401(k).

(a) IN GENERAL.—Subparagraph (B) of section 401(k)(4) is amended to read as follows:

"(B) ELIGIBILITY OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

"(i) TAX-EXEMPTS ELIGIBLE.—Except as provided in clause (ii), any organization exempt from tax under this subtitle may include a qualified cash or deferred arrangement as part of a plan maintained by it.

"(ii) GOVERNMENTS INELIGIBLE.—A cash or deferred arrangement shall not be treated as a qualified cash or 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 clause shall not apply to a rural cooperative plan or to a plan of an employer described in clause (iii).

"(iii) TREATMENT OF INDIAN TRIBAL GOVERNMENTS.—An employer which is an Indian tribal government (as defined in section 7701(a)(40)), a subdivision of an Indian tribal government (determined in accordance with section 7871(d)), an agency or instrumentality of an Indian tribal government or subdivision thereof, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by any of the foregoing shall be treated as an organization exempt from tax under this subtitle for purposes of clause (i)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to plan years beginning after December 31, 1996, but shall not apply to any cash or deferred arrangement to which clause (i) of section 1116(f)(2)(B) of the Tax Reform Act of 1986 applies.

CHAPTER 3—NONDISCRIMINATION PROVISIONS

SEC. 1431. DEFINITION OF HIGHLY COMPENSATED EMPLOYEES; REPEAL OF FAMILY AGGREGATION.

(a) IN GENERAL.—Paragraph (1) of section 414(q) (defining highly compensated employee) is amended to read as follows:

"(1) IN GENERAL.—The term 'highly compensated employee' means any employee who—

"(A) was a 5-percent owner at any time during the year or the preceding year, or

"(B) for the preceding year—

"(i) had compensation from the employer in excess of $80,000, and

"(ii) was in the top-paid group of the employer.

The Secretary shall adjust the $80,000 amount under subparagraph (B) at the same time and in the same manner as under section 415(d), except

that the base period shall be the calendar quarter ending September 30, 1996."

(b) REPEAL OF FAMILY AGGREGATION RULES.—

(1) IN GENERAL.—Paragraph (6) of section 414(q) is hereby repealed.

(2) COMPENSATION LIMIT.—Paragraph (17)(A) of section 401(a) is amended by striking the last sentence.

(3) DEDUCTION.—Subsection (l) of section 404 is amended by striking the last sentence.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subsection (q) of section 414 is amended by striking paragraphs (2), (5), (8), and (12) and by redesignating paragraphs (3), (4), (7), (9), (10), and (11) as paragraphs (2) through (7), respectively.

(B) Sections 129(d)(8)(B), 401(a)(5)(D)(ii), 408(k)(2)(C), and 416(i)(1)(D) are each amended by striking "section 414(q)(7)" and inserting "section 414(q)(4)".

(C) Section 416(i)(1)(A) is amended by striking "section 414(q)(8)" and inserting "section 414(r)(9)".

(2)(A) Section 414(r) is amended by adding at the end 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.

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)".

(3) Section 1114(c)(4) of the Tax Reform Act of 1986 is amended by adding at the end the following new sentence: "Any reference in this paragraph to section 414(q) shall be treated as a reference to such section as in effect on the day before the date of the enactment of the Small Business Job Protection Act of 1996.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1996, except that in determining whether an employee is a highly compensated employee for years beginning in 1997, such amendments shall be treated as having been in effect for years beginning in 1996.

(2) FAMILY AGGREGATION.—The amendments made by subsection (b) shall apply to years beginning after December 31, 1996.

SEC. 1432. MODIFICATION OF ADDITIONAL PARTICIPATION REQUIREMENTS.

(a) GENERAL RULE.—Section 401(a)(26)(A) (relating to additional participation requirements) is amended to read as follows:

"(A) IN GENERAL.—In the case of a trust which is a part of a defined benefit plan, such trust shall not constitute a qualified trust under this subsection unless on each day of the plan year such trust benefits at least the lesser of—

"(i) 50 employees of the employer, or

"(ii) the greater of—

"(I) 40 percent of all employees of the employer, or

"(II) 2 employees (or if there is only 1 employee, such employee)."

(b) SEPARATE LINE OF BUSINESS TEST.—Section 401(a)(26)(G) (relating to separate line of business) is amended by striking "paragraph (7)" and inserting "paragraph (2)(A) or (7)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1996.

SEC. 1433. NONDISCRIMINATION RULES FOR QUALIFIED CASH OR DEFERRED ARRANGEMENTS AND MATCHING CONTRIBUTIONS.

(a) ALTERNATIVE METHODS OF SATISFYING SECTION 401(k) NONDISCRIMINATION TESTS.—Section 401(k) (relating to cash or deferred arrangements), as amended by section 1422, is amended by adding at the end the following new paragraph:

"(12) ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—

"(A) IN GENERAL.—A cash or deferred arrangement shall be treated as meeting the requirements of paragraph (3)(A)(ii) if such arrangement—

"(i) meets the contribution requirements of subparagraph (B) or (C), and

"(ii) meets the notice requirements of subparagraph (D).

"(B) MATCHING CONTRIBUTIONS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, the employer makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount equal to—

"(I) 100 percent of the elective contributions of the employee to the extent such elective contributions do not exceed 3 percent of the employee's compensation, and

"(II) 50 percent of the elective contributions of the employee to the extent that such elective contributions exceed 3 percent but do not exceed 5 percent of the employee's compensation.

"(ii) RATE FOR HIGHLY COMPENSATED EMPLOYEES.—The requirements of this subparagraph are not met if, under the arrangement, the rate of matching contribution with respect to any elective contribution of a highly compensated employee at any rate of elective contribution is greater than that with respect to an employee who is not a highly compensated employee.

"(iii) ALTERNATIVE PLAN DESIGNS.—If the rate of any matching contribution with respect to any rate of elective contribution is not equal to the percentage required under clause (i), an arrangement shall not be treated as failing to meet the requirements of clause (i) if—

"(I) the rate of an employer's matching contribution does not increase as an employee's rate of elective contributions increase, and

"(II) the aggregate amount of matching contributions at such rate of elective contribution is at least equal to the aggregate amount of matching contributions which would be made if matching contributions were made on the basis of the percentages described in clause (i).

"(C) NONELECTIVE CONTRIBUTIONS.—The requirements of this subparagraph are met if, under the arrangement, the employer is required, without regard to whether the employee makes an elective contribution or employee contribution, to make a contribution to a defined contribution plan on behalf of each employee who is not a highly compensated employee and who is eligible to participate in the arrangement in an amount equal to at least 3 percent of the employee's compensation.

"(D) NOTICE REQUIREMENT.—An arrangement meets the requirements of this paragraph if, under the arrangement, each employee eligible to participate is, within a reasonable period before any year, given written notice of the employee's rights and obligations under the arrangement which—

"(i) is sufficiently accurate and comprehensive to appraise the employee of such rights and obligations, and

"(ii) is written in a manner calculated to be understood by the average employee eligible to participate.

"(E) OTHER REQUIREMENTS.—

"(i) WITHDRAWAL AND VESTING RESTRICTIONS.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) of this paragraph unless the requirements of subparagraphs (B) and (C) of paragraph (2) are met with respect to all employer contributions (including matching contributions) taken into account in determining whether the requirements of subparagraphs (B) and (C) of this paragraph are met.

"(ii) SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS NOT TAKEN INTO ACCOUNT.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) unless such requirements are met without regard to subsection (l), and, for purposes of subsection (l), employer contributions under subparagraph (B) or (C) shall not be taken into account.

"(F) OTHER PLANS.—An arrangement shall be treated as meeting the requirements under subparagraph (A)(i) if any other plan maintained by the employer meets such requirements with respect to employees eligible under the arrangement."

(b) ALTERNATIVE METHODS OF SATISFYING SECTION 401(m) NONDISCRIMINATION TESTS.—Section 401(m) (relating to nondiscrimination test for matching contributions and employee contributions), as amended by this Act, is amended by redesignating paragraph (11) as paragraph (12) and by adding after paragraph (10) the following new paragraph:

"(11) ALTERNATIVE METHOD OF SATISFYING TESTS.—

"(A) IN GENERAL.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

"(i) meets the contribution requirements of subparagraph (B) or (C) of subsection (k)(12),

"(ii) meets the notice requirements of subsection (k)(12)(D), and

"(iii) meets the requirements of subparagraph (B).

"(B) LIMITATION ON MATCHING CONTRIBUTIONS.—The requirements of this subparagraph are met if—

"(i) matching contributions on behalf of any employee may not be made with respect to an employee's contributions or elective deferrals in excess of 6 percent of the employee's compensation,

"(ii) the rate of an employer's matching contribution does not increase as the rate of an employee's contributions or elective deferrals increase, and

"(iii) the matching contribution with respect to any highly compensated employee at any rate of an employee contribution or rate of elective deferral is not greater than that with respect to an employee who is not a highly compensated employee."

(c) YEAR FOR COMPUTING NONHIGHLY COMPENSATED EMPLOYEE PERCENTAGE.—

(1) CASH OR DEFERRED ARRANGEMENTS.—Clause (ii) of section 401(k)(3)(A) is amended—

(A) by striking "such year" and inserting "the plan year",

(B) by striking "for such plan year" and inserting "for the preceding plan year", and

(C) by adding at the end the following new sentence: "An arrangement may apply this clause by using the plan year rather than the preceding plan year if the employer so elects, except that if such an election is made, it may not be changed except as provided by the Secretary."

(2) MATCHING AND EMPLOYEE CONTRIBUTIONS.—Section 401(m)(2)(A) is amended—

(A) by inserting "for such plan year" after "highly compensated employees",

(B) by inserting "for the preceding plan year" after "eligible employees" each place it appears in clause (i) and clause (ii), and

(C) by adding at the end the following flush sentence: "This subparagraph may be applied by using the plan year rather than the preceding plan year if the employer so elects, except that if such an election is made, it may not be changed except as provided the Secretary."

(d) SPECIAL RULE FOR DETERMINING AVERAGE DEFERRAL PERCENTAGE FOR FIRST PLAN YEAR, ETC.—

(1) Paragraph (3) of section 401(k) is amended by adding at the end the following new subparagraph:

"(E) For purposes of this paragraph, in the case of the first plan year of any plan (other than a successor plan), the amount taken into account as the actual 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 actual deferral percentage of nonhighly compensated employees determined for such first plan year."

(2) Paragraph (3) of section 401(m) is amended by adding at the end the following: "Rules similar to the rules of subsection (k)(3)(E) shall apply for purposes of this subsection."

(e) DISTRIBUTION OF EXCESS CONTRIBUTIONS AND EXCESS AGGREGATE CONTRIBUTIONS.—

(1) Subparagraph (C) of section 401(k)(8) (relating to arrangement not disqualified if excess contributions distributed) is amended by striking "on the basis of the respective portions of the excess contributions attributable to each of such employees" and inserting "on the basis of the amount of contributions by, or on behalf of, each of such employees".

(2) Subparagraph (C) of section 401(m)(6) (relating to method of distributing excess aggregate contributions) is amended by striking "on the basis of the respective portions of such amounts attributable to each of such employees" and inserting "on the basis of the amount of contributions on behalf of, or by, each such employee".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1998.

(2) EXCEPTIONS.—The amendments made by subsections (c), (d), and (e) shall apply to years beginning after December 31, 1996.

SEC. 1434. DEFINITION OF COMPENSATION FOR SECTION 415 PURPOSES.

(a) GENERAL RULE.—Section 415(c)(3) (defining participant's compensation) is amended by adding at the end the following new subparagraph:

"(D) CERTAIN DEFERRALS INCLUDED.—The term 'participant's compensation' shall include—

"(i) any elective deferral (as defined in section 402(g)(3)), and

"(ii) any amount which is contributed by the employer at the election of the employee and which is not includible in the gross income of the employee under section 125 or 457."

(b) CONFORMING AMENDMENTS.—

(1) Section 414(q)(4), as redesignated by section 1431, is amended to read as follows:

"(4) COMPENSATION.—For purposes of this subsection, the term 'compensation' has the meaning given such term by section 415(c)(3)."

(2) Section 414(s)(2) is amended by inserting "not" after "elect" in the text and heading thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1997.

CHAPTER 4—MISCELLANEOUS PROVISIONS

SEC. 1441. PLANS COVERING SELF-EMPLOYED INDIVIDUALS.

(a) AGGREGATION RULES.—Section 401(d) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended to read as follows:

"(d) CONTRIBUTION LIMIT ON OWNER-EMPLOYEES.—A trust forming part of a pension or profit-sharing plan which provides contributions or benefits for employees some or all of whom are owner-employees shall constitute a qualified trust under this section only if, in addition to meeting the requirements of subsection (a), the plan provides that contributions on behalf of any owner-employee may be made only with respect to the earned income of such owner-employee which is derived from the trade or business with respect to which such plan is established."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1996.

SEC. 1442. ELIMINATION OF SPECIAL VESTING RULE FOR MULTIEMPLOYER PLANS.

(a) IN GENERAL.—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, 1997, 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, 1999.

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.

SEC. 1443. DISTRIBUTIONS UNDER RURAL COOPERATIVE PLANS.

(a) DISTRIBUTIONS FOR HARDSHIP OR AFTER A CERTAIN AGE.—Section 401(k)(7) is amended by adding at the end the following new subparagraph:

"(C) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—A rural cooperative plan which includes a qualified cash or deferred arrangement shall not be treated as violating the requirements of section 401(a) or of paragraph (2) merely by reason of a hardship distribution or a distribution to a participant after attainment of age 59½. For purposes of this section, the term 'hardship distribution' means a distribution described in paragraph (2)(B)(i)(IV) (without regard to the limitation of its application to profit-sharing or stock bonus plans)."

(b) PUBLIC UTILITY DISTRICTS.—Clause (i) of section 401(k)(7)(B) (defining rural cooperative) is amended to read as follows:

"(i) any organization which—

"(I) is engaged primarily in providing electric service on a mutual or cooperative basis, or

"(II) is engaged primarily in providing electric service to the public in its area of service and which is exempt from tax under this subtitle or which is a State or local government (or an agency or instrumentality thereof), other than a municipality (or an agency or instrumentality thereof),".

(c) EFFECTIVE DATES.—

(1) DISTRIBUTIONS.—The amendments made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

(2) RURAL COOPERATIVE.—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 1996.

SEC. 1444. TREATMENT OF GOVERNMENTAL PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Subsection (b) of section 415 is amended by adding immediately after paragraph (10) the following new paragraph:

"(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL PLANS.—In the case of a governmental plan (as defined in section 414(d)), subparagraph (B) of paragraph (1) shall not apply."

(b) TREATMENT OF CERTAIN EXCESS BENEFIT PLANS.—

(1) IN GENERAL.—Section 415 is amended by adding at the end the following new subsection:

"(m) TREATMENT OF QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENTS.—

"(1) GOVERNMENTAL PLAN NOT AFFECTED.—In determining whether a governmental plan (as defined in section 414(d)) meets the requirements of this section, benefits provided under a qualified governmental excess benefit arrangement shall not be taken into account. Income accruing to a governmental plan (or to a trust that is maintained solely for the purpose of providing benefits under a qualified governmental excess benefit arrangement) in respect of a qualified governmental excess benefit arrangement shall constitute income derived from the exercise of an essential governmental function upon which such governmental plan (or trust) shall be exempt from tax under section 115.

"(2) TAXATION OF PARTICIPANT.—For purposes of this chapter—

"(A) the taxable year or years for which amounts in respect of a qualified governmental excess benefit arrangement are includible in gross income by a participant, and

"(B) the treatment of such amounts when so includible by the participant,

shall be determined as if such qualified governmental excess benefit arrangement were treated as a plan for the deferral of compensation which is maintained by a corporation not exempt from tax under this chapter and which does not meet the requirements for qualification under section 401.

"(3) QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENT.—For purposes of this subsection, the term 'qualified governmental excess benefit arrangement' means a portion of a governmental plan if—

"(A) such portion is maintained solely for the purpose of providing to participants in the plan that part of the participant's annual benefit otherwise payable under the terms of the plan that exceeds the limitations on benefits imposed by this section,

"(B) under such portion no election is provided at any time to the participant (directly or indirectly) to defer compensation, and

"(C) benefits described in subparagraph (A) are not paid from a trust forming a part of such governmental plan unless such trust is maintained solely for the purpose of providing such benefits."

(2) COORDINATION WITH SECTION 457.—Subsection (e) of section 457 is amended by adding at the end the following new paragraph:

"(14) TREATMENT OF QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENTS.—Subsections (b)(2) and (c)(1) shall not apply to any qualified governmental excess benefit arrangement (as defined in section 415(m)(3)), and benefits provided under such an arrangement shall not be taken into account in determining whether any other plan is an eligible deferred compensation plan."

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 457(f) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by inserting immediately thereafter the following new subparagraph:

"(E) a qualified governmental excess benefit arrangement described in section 415(m)."

(c) EXEMPTION FOR SURVIVOR AND DISABILITY BENEFITS.—Paragraph (2) of section 415(b) is amended by adding at the end the following new subparagraph:

"(I) EXEMPTION FOR SURVIVOR AND DISABILITY BENEFITS PROVIDED UNDER GOVERNMENTAL PLANS.—Subparagraph (C) of this paragraph and paragraph (5) shall not apply to—

"(i) income received from a governmental plan (as defined in section 414(d)) as a pension, annuity, or similar allowance as the result of the recipient becoming disabled by reason of personal injuries or sickness, or

"(ii) amounts received from a governmental plan by the beneficiaries, survivors, or the estate of an employee as the result of the death of the employee."

(d) REVOCATION OF GRANDFATHER ELECTION.—

(1) IN GENERAL.—Subparagraph (C) of section 415(b)(10) is amended by adding at the end the following new clause:

"(ii) REVOCATION OF ELECTION.—An election under clause (i) may be revoked not later than the last day of the third plan year beginning after the date of the enactment of this clause. The revocation shall apply to all plan years to which the election applied and to all subsequent plan years. Any amount paid by a plan in a taxable year ending after the revocation shall be includible in income in such taxable year under the rules of this chapter in effect for such taxable year, except that, for purposes of applying the limitations imposed by this section, any portion of such amount which is attributable to any taxable year during which the election was in effect shall be treated as received in such taxable year."

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 415(b)(10) is amended by striking "This" and inserting:

"(i) IN GENERAL.—This".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall apply to years beginning after December 31, 1994. The amendments made by subsection (d) shall apply with respect to revocations adopted after the date of the enactment of this Act.

(2) TREATMENT FOR YEARS BEGINNING BEFORE JANUARY 1, 1995.—Nothing in the amendments made by this section shall be construed to infer that a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986) fails to satisfy the requirements of section 415 of such Code for any taxable year beginning before January 1, 1995.

SEC. 1445. UNIFORM RETIREMENT AGE.

(a) DISCRIMINATION TESTING.—Paragraph (5) of section 401(a) (relating to special rules relating to nondiscrimination requirements) is amended by adding at the end the following new subparagraph:

"(F) SOCIAL SECURITY RETIREMENT AGE.—For purposes of testing for discrimination under paragraph (4)—

"(i) the social security retirement age (as defined in section 415(b)(8)) shall be treated as a uniform retirement age, and

"(ii) subsidized early retirement benefits and joint and survivor annuities shall not be treated as being unavailable to employees on the same terms merely because such benefits or annuities are based in whole or in part on an employee's social security retirement age (as so defined)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1996.

SEC. 1446. CONTRIBUTIONS ON BEHALF OF DISABLED EMPLOYEES.

(a) ALL DISABLED PARTICIPANTS RECEIVING CONTRIBUTIONS.—Section 415(c)(3)(C) is amended by adding at the end the following: "If a defined contribution plan provides for the continuation of contributions on behalf of all participants described in clause (i) for a fixed or determinable period, this subparagraph shall be applied without regard to clauses (ii) and (iii)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1996.

SEC. 1447. TREATMENT OF DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) SPECIAL RULES FOR PLAN DISTRIBUTIONS.—Paragraph (9) of section 457(e) (relating to other definitions and special rules) is amended to read as follows:

"(9) BENEFITS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—

"(A) TOTAL AMOUNT PAYABLE IS $3,500 OR LESS.—The total amount payable to a participant under the plan shall not be treated as made available merely because the participant may elect to receive such amount (or the plan may distribute such amount without the participant's consent) if—

"(i) such amount does not exceed $3,500, and

"(ii) such amount may be distributed only if—

"(I) no amount has been deferred under the plan with respect to such participant during the 2-year period ending on the date of the distribution, and

"(II) there has been no prior distribution under the plan to such participant to which this subparagraph applied.

A plan shall not be treated as failing to meet the distribution requirements of subsection (d) by reason of a distribution to which this subparagraph applies.

"(B) ELECTION TO DEFER COMMENCEMENT OF DISTRIBUTIONS.—The total amount payable to a participant under the plan shall not be treated as made available merely because the participant may elect to defer commencement of distributions under the plan if—

"(i) such election is made after amounts may be available under the plan in accordance with subsection (d)(1)(A) and before commencement of such distributions, and

"(ii) the participant may make only 1 such election."

(b) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DEFERRAL AMOUNT.—Subsection (e) of section 457, as amended by section 1444(b)(2) (relating to governmental plans), is amended by adding at the end the following new paragraph:

"(15) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DEFERRAL AMOUNT.—The Secretary shall adjust the $7,500 amount specified in subsections (b)(2) and (c)(1) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter ending September 30, 1994, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1448. TRUST REQUIREMENT FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS.

(a) IN GENERAL.—Section 457 is amended by adding at the end the following new subsection:

"(g) GOVERNMENTAL PLANS MUST MAINTAIN SET-ASIDES FOR EXCLUSIVE BENEFIT OF PARTICIPANTS.—

"(1) IN GENERAL.—A plan maintained by an eligible employer described in subsection (e)(1)(A) shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of participants and their beneficiaries.

"(2) TAXABILITY OF TRUSTS AND PARTICIPANTS.—For purposes of this title—

"(A) a trust described in paragraph (1) shall be treated as an organization exempt from taxation under section 501(a), and

"(B) notwithstanding any other provision of this title, amounts in the trust shall be includible in the gross income of participants and beneficiaries only to the extent, and at the time, provided in this section.

"(3) CUSTODIAL ACCOUNTS AND CONTRACTS.—For purposes of this subsection, custodial accounts and contracts described in section 401(f) shall be treated as trusts under rules similar to the rules under section 401(f)."

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 457(b) is amended by inserting "except as provided in subsection (g)," before "which provides that".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to assets and income described in section 457(b)(6) of the Internal Revenue Code of 1986 held by a plan on and after the date of the enactment of this Act.

(2) TRANSITION RULE.—In the case of assets and income described in paragraph (1) held by a plan on the date of the enactment of this Act, a trust need not be established by reason of the amendments made by this section before January 1, 1999.

SEC. 1449. TRANSITION RULE FOR COMPUTING MAXIMUM BENEFITS UNDER SECTION 415 LIMITATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 767(d)(3) of the Uruguay Round Agreements Act is amended to read as follows:

"(A) EXCEPTION.—A plan that was adopted and in effect before December 8, 1994, shall not be required to apply the amendments made by subsection (b) with respect to benefits accrued before the earlier of—

"(i) the later of the date a plan amendment applying such amendment is adopted or made effective, or

"(ii) the first day of the first limitation year beginning after December 31, 1999.

Determinations under section 415(b)(2)(E) of the Internal Revenue Code of 1986 before such earlier date shall be made with respect to such benefits on the basis of such section as in effect on December 7, 1994 (except that the modification made by section 1449(b) of the Small Business Job Protection Act of 1996 shall be taken into account), and the provisions of the plan as in effect on December 7, 1994, but only if such provisions of the plan meet the requirements of such section (as so in effect)."

(b) MODIFICATION OF CERTAIN ASSUMPTIONS FOR ADJUSTING BENEFITS OF DEFINED BENEFIT PLANS FOR EARLY RETIREES.—Subparagraph (E) of section 415(b)(2) (relating to limitation on certain assumptions) is amended—

(1) by striking "Except as provided in clause (ii), for purposes of adjusting any benefit or limitation under subparagraph (B) or (C)," in clause (i) and inserting "For purposes of adjusting any limitation under subparagraph (C) and, except as provided in clause (ii), for purposes of adjusting any benefit under subparagraph (B),", and

(2) by striking "For purposes of adjusting the benefit or limitation of any form of benefit subject to section 417(e)(3)," in clause (ii) and inserting "For purposes of adjusting any benefit under subparagraph (B) for any form of benefit subject to section 417(e)(3),".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of section 767 of the Uruguay Round Agreements Act.

(d) TRANSITIONAL RULE.—In the case of a plan that was adopted and in effect before December 8, 1994, if—

(1) a plan amendment was adopted or made effective on or before the date of the enactment of this Act applying the amendments made by section 767 of the Uruguay Round Agreements Act, and

(2) within 1 year after the date of the enactment of this Act, a plan amendment is adopted which repeals the amendment referred to in paragraph (1),

the amendment referred to in paragraph (1) shall not be taken into account in applying section 767(d)(3)(A) of the Uruguay Round Agreements Act, as amended by subsection (a).

SEC. 1450. MODIFICATIONS OF SECTION 403(b).

(a) MULTIPLE SALARY REDUCTION AGREEMENTS PERMITTED.—

(1) GENERAL RULE.—For purposes of section 403(b) of the Internal Revenue Code of 1986, the frequency that an employee is permitted to enter into a salary reduction agreement, the salary to which such an agreement may apply, and the ability to revoke such an agreement shall be determined under the rules applicable to cash or deferred elections under section 401(k) of such Code.

(2) EFFECTIVE DATE.—This subsection shall apply to taxable years beginning after December 31, 1995.

(b) TREATMENT OF INDIAN TRIBAL GOVERNMENTS.—

(1) IN GENERAL.—In the case of any contract purchased in a plan year beginning before January 1, 1995, section 403(b) of the Internal Revenue Code of 1986 shall be applied as if any reference to an employer described in section 501(c)(3) of the Internal Revenue Code of 1986 which is exempt from tax under section 501 of such Code included a reference to an employer which is an Indian tribal government (as defined by section 7701(a)(40) of such Code), a subdivision of an Indian tribal government (determined in accordance with section 7871(d) of such Code), an agency or instrumentality of an Indian tribal government or subdivision thereof, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by any of the foregoing.

(2) ROLLOVERS.—Solely for purposes of applying section 403(b)(8) of such Code to a contract to which paragraph (1) applies, a qualified cash or deferred arrangement under section 401(k) of such Code shall be treated as if it were a plan or contract described in clause (ii) of section 403(b)(8)(A) of such Code.

(c) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Subparagraph (E) of section 403(b)(1) is amended to read as follows:

"(E) in the case of a contract purchased under a salary reduction agreement, the contract meets the requirements of section 401(a)(30),".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 1995, except a contract shall not be required to meet any change in any requirement by reason of such amendment before the 90th day after the date of the enactment of this Act.

SEC. 1451. WAIVER OF MINIMUM PERIOD FOR JOINT AND SURVIVOR ANNUITY EXPLANATION BEFORE ANNUITY STARTING DATE.

(a) GENERAL RULE.—For purposes of section 417(a)(3)(A) of the Internal Revenue Code of 1986 (relating to plan to provide written explanations), the minimum period prescribed by the Secretary of the Treasury between the date that the explanation referred to in such section is provided and the annuity starting date shall not apply if waived by the participant and, if applicable, the participant's spouse.

(b) EFFECTIVE DATE.—Subsection (a) shall apply to plan years beginning after December 31, 1996.

SEC. 1452. REPEAL OF LIMITATION IN CASE OF DEFINED BENEFIT PLAN AND DEFINED CONTRIBUTION PLAN FOR SAME EMPLOYEE; EXCESS DISTRIBUTIONS.

(a) IN GENERAL.—Section 415(e) is repealed.

(b) EXCESS DISTRIBUTIONS.—Section 4980A is amended by adding at the end the following new subsection:

"(g) LIMITATION ON APPLICATION.—This section shall not apply to distributions during years beginning after December 31, 1995, and before January 1, 1999, and such distributions shall be treated as made first from amounts not described in subsection (f)."

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 415(a) is amended—

(A) by adding "or" at the end of subparagraph (A),

(B) by striking ", or" at the end of subparagraph (B) and inserting a period, and

(C) by striking subparagraph (C).

(2) Subparagraph (B) of section 415(b)(5) is amended by striking "and subsection (e)".

(3) Paragraph (1) of section 415(f) is amended by striking "subsections (b), (c), and (e)" and inserting "subsections (b) and (c)".

(4) Subsection (g) of section 415 is amended by striking "subsections (e) and (f)" in the last sentence and inserting "subsection (f)".

(5) Clause (i) of section 415(k)(2)(A) is amended to read as follows:

"(i) any contribution made directly by an employee under such an arrangement shall not be treated as an annual addition for purposes of subsection (c), and".

(6) Clause (ii) of section 415(k)(2)(A) is amended by striking "subsections (c) and (e)" and inserting "subsection (c)".

(7) Section 416 is amended by striking subsection (h).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to limitation years beginning after December 31, 1998.

(2) EXCESS DISTRIBUTIONS.—The amendment made by subsection (b) shall apply to years beginning after December 31, 1995.

SEC. 1453. TAX ON PROHIBITED TRANSACTIONS.

(a) IN GENERAL.—Section 4975(a) is amended by striking "5 percent" and inserting "10 percent".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to prohibited transactions occurring after the date of the enactment of this Act.

SEC. 1454. TREATMENT OF LEASED EMPLOYEES.

(a) GENERAL RULE.—Subparagraph (C) of section 414(n)(2) (defining leased employee) is amended to read as follows:

"(C) such services are performed under primary direction or control by the recipient."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1996, but shall not apply to any relationship determined under an Internal Revenue Service ruling issued before the date of the enactment of this Act pursuant to section 414(n)(2)(C) of the Internal Revenue Code of 1986 (as in effect on the day before such date) not to involve a leased employee.

SEC. 1455. UNIFORM PENALTY PROVISIONS TO APPLY TO CERTAIN PENSION REPORTING REQUIREMENTS.

(a) PENALTIES.—

(1) STATEMENTS.—Paragraph (1) of section 6724(d) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by inserting after subparagraph (B) the following new subparagraph:

"(C) any statement of the amount of payments to another person required to be made to the Secretary under—

"(i) section 408(i) (relating to reports with respect to individual retirement accounts or annuities), or

"(ii) section 6047(d) (relating to reports by employers, plan administrators, etc.)."

(2) REPORTS.—Paragraph (2) of section 6724(d), as amended by section 1116, is amended by striking "or" at the end of subparagraph (T), by striking the period at the end of subparagraph (U) and inserting a comma, and by inserting after subparagraph (U) the following new subparagraphs:

"(V) section 408(i) (relating to reports with respect to individual retirement plans) to any person other than the Secretary with respect to the amount of payments made to such person, or

"(W) section 6047(d) (relating to reports by plan administrators) to any person other than the Secretary with respect to the amount of payments made to such person."

(b) MODIFICATION OF REPORTABLE DESIGNATED DISTRIBUTIONS.—

(1) SECTION 408.—Subsection (i) of section 408 (relating to individual retirement account reports) is amended by inserting "aggregating $10 or more in any calendar year" after "distributions".

(2) SECTION 6047.—Paragraph (1) of section 6047(d) (relating to reports by employers, plan administrators, etc.) is amended by adding at the end the following new sentence: "No return or report may be required under the preceding sentence with respect to distributions to any person during any year unless such distributions aggregate $10 or more."

(c) QUALIFYING ROLLOVER DISTRIBUTIONS.—Section 6652(i) is amended—

(1) by striking "the $10" and inserting "$100", and

(2) by striking "$5,000" and inserting "$50,000".

(d) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 6047(f) is amended to read as follows:

"(1) For provisions relating to penalties for failures to file returns and reports required under this section, see sections 6652(e), 6721, and 6722."

(2) Subsection (e) of section 6652 is amended by adding at the end the following new sentence: "This subsection shall not apply to any return or statement which is an information return described in section 6724(d)(1)(C)(ii) or a payee statement described in section 6724(d)(2)(W)."

(3) Subsection (a) of section 6693 is amended by adding at the end the following new sentence: "This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(V)."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to returns, reports, and other statements the due date for which (determined without regard to extensions) is after December 31, 1996.

SEC. 1456. RETIREMENT BENEFITS OF MINISTERS NOT SUBJECT TO TAX ON NET EARNINGS FROM SELF-EMPLOYMENT.

(a) IN GENERAL.—Section 1402(a)(8) (defining net earning from self-employment) is amended by inserting ", but shall not include in such net earnings from self-employment the rental value of any parsonage (whether or not excludable under section 107) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e)) after the individual retires" before the semicolon at the end.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning before, on, or after December 31, 1994.

SEC. 1457. DATE FOR ADOPTION OF PLAN AMENDMENTS.

If any amendment made by this subtitle requires an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after January 1, 1997, if—

(1) during the period after such amendment takes effect and before such first plan year, the plan or contract is operated in accordance with the requirements of such amendment, and

(2) such amendment applies retroactively to such period.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this section shall be applied by substituting "1999" for "1997".

Subtitle E—Foreign Simplification

SEC. 1501. REPEAL OF INCLUSION OF CERTAIN EARNINGS INVESTED IN EXCESS PASSIVE ASSETS.

(a) IN GENERAL.—

(1) REPEAL OF INCLUSION.—Paragraph (1) of section 951(a) (relating to amounts included in gross income of United States shareholders) is amended by striking subparagraph (C), by striking "; and" at the end of subparagraph (B) and inserting a period, and by adding "and" at the end of subparagraph (A).

(2) REPEAL OF INCLUSION AMOUNT.—Section 956A (relating to earnings invested in excess passive assets) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 956(b) is amended to read as follows:

"(1) APPLICABLE EARNINGS.—For purposes of this section, the term 'applicable earnings' means, with respect to any controlled foreign corporation, the sum of—

"(A) the amount (not including a deficit) referred to in section 316(a)(1), and

"(B) the amount referred to in section 316(a)(2),

but reduced by distributions made during the taxable year."

(2) Paragraph (3) of section 956(b) is amended to read as follows:

"(3) SPECIAL RULE WHERE CORPORATION CEASES TO BE CONTROLLED FOREIGN CORPORATION.—If any foreign corporation ceases to be a controlled foreign corporation during any taxable year—

"(A) the determination of any United States shareholder's pro rata share shall be made on the basis of stock owned (within the meaning of section 958(a)) by such shareholder on the last day during the taxable year on which the foreign corporation is a controlled foreign corporation,

"(B) the average referred to in subsection (a)(1)(A) for such taxable year shall be determined by only taking into account quarters ending on or before such last day, and

"(C) in determining applicable earnings, the amount taken into account by reason of being described in paragraph (2) of section 316(a) shall be the portion of the amount so described which is allocable (on a pro rata basis) to the part of such year during which the corporation is a controlled foreign corporation."

(3) Subsection (a) of section 959 (relating to exclusion from gross income of previously taxed earnings and profits) is amended by adding "or" at the end of paragraph (1), by striking "or" at the end of paragraph (2), and by striking paragraph (3).

(4) Subsection (a) of section 959 is amended by striking "paragraphs (2) and (3)" in the last sentence and inserting "paragraph (2)".

(5) Subsection (c) of section 959 is amended by adding at the end the following flush sentence: "References in this subsection to section 951(a)(1)(C) and subsection (a)(3) shall be treated as references to such provisions as in effect on the day before the date of the enactment of the Small Business Job Protection Act of 1996."

(6) Paragraph (1) of section 959(f) is amended to read as follows:

"(1) IN GENERAL.—For purposes of this section, amounts that would be included under subparagraph (B) of section 951(a)(1) (determined without regard to this section) shall be treated as attributable first to earnings described in subsection (c)(2), and then to earnings described in subsection (c)(3)."

(7) Paragraph (2) of section 959(f) is amended by striking "subparagraphs (B) and (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(8) Subsection (b) of section 989 is amended by striking "subparagraph (B) or (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(9) Paragraph (9) of section 1297(b) is amended by striking "subparagraph (B) or (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(10) Subsections (d)(3)(B) and (e)(2)(B)(ii) of section 1297 are each amended by striking "or section 956A".

(c) CLERICAL AMENDMENT.—The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 956A.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1996, and to taxable years of United States shareholders within which or with which such taxable years of foreign corporations end.

Subtitle F—Revenue Offsets

SEC. 1601. TERMINATION OF PUERTO RICO AND POSSESSION TAX CREDIT.

(a) IN GENERAL.—Section 936 is amended by adding at the end the following new subsection:

"(j) TERMINATION.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, this section shall not apply to any taxable year beginning after December 31, 1995.

"(2) TRANSITION RULES FOR ACTIVE BUSINESS INCOME CREDIT.—Except as provided in paragraph (3)—

"(A) ECONOMIC ACTIVITY CREDIT.—In the case of an existing credit claimant—

"(i) with respect to a possession other than Puerto Rico, and

"(ii) to which subsection (a)(4)(B) does not apply,

the credit determined under subsection (a)(1)(A) shall be allowed for taxable years beginning after December 31, 1995, and before January 1, 2002.

"(B) SPECIAL RULE FOR REDUCED CREDIT.—

"(i) IN GENERAL.—In the case of an existing credit claimant to which subsection (a)(4)(B) applies, the credit determined under subsection (a)(1)(A) shall be allowed for taxable years beginning after December 31, 1995, and before January 1, 1998.

"(ii) ELECTION IRREVOCABLE AFTER 1997.—An election under subsection (a)(4)(B)(iii) which is in effect for the taxpayer's last taxable year beginning before 1997 may not be revoked unless it is revoked for the taxpayer's first taxable year beginning in 1997 and all subsequent taxable years.

"(C) ECONOMIC ACTIVITY CREDIT FOR PUERTO RICO.—

"For economic activity credit for Puerto Rico, see section 30A.

"(3) ADDITIONAL RESTRICTED CREDIT.—

"(A) IN GENERAL.—In the case of an existing credit claimant—

"(i) the credit under subsection (a)(1)(A) shall be allowed for the period beginning with the first taxable year after the last taxable year to which subparagraph (A) or (B) of paragraph (2), whichever is appropriate, applied and ending with the last taxable year beginning before January 1, 2006, except that

"(ii) the aggregate amount of taxable income taken into account under subsection (a)(1)(A) for any such taxable year shall not exceed the adjusted base period income of such claimant.

"(B) COORDINATION WITH SUBSECTION (a)(4).—The amount of income described in subsection (a)(1)(A) which is taken into account in applying subsection (a)(4) shall be such income as reduced under this paragraph.

"(4) ADJUSTED BASE PERIOD INCOME.—For purposes of paragraph (3)—

"(A) IN GENERAL.—The term 'adjusted base period income' means the average of the inflation-adjusted possession incomes of the corporation for each base period year.

"(B) INFLATION-ADJUSTED POSSESSION INCOME.—For purposes of subparagraph (A), the inflation-adjusted possession income of any corporation for any base period year shall be an amount equal to the sum of—

"(i) the possession income of such corporation for such base period year, plus

"(ii) such possession income multiplied by the inflation adjustment percentage for such base period year.

"(C) INFLATION ADJUSTMENT PERCENTAGE.—For purposes of subparagraph (B), the inflation adjustment percentage for any base period year means the percentage (if any) by which—

"(i) the CPI for 1995, exceeds

"(ii) the CPI for the calendar year in which the base period year for which the determination is being made ends.

For purposes of the preceding sentence, the CPI for any calendar year is the CPI (as defined in section 1(f)(5)) for such year under section 1(f)(4).

"(D) INCREASE IN INFLATION ADJUSTMENT PERCENTAGE FOR GROWTH DURING BASE YEARS.—The inflation adjustment percentage (determined under subparagraph (C) without regard to this subparagraph) for each of the 5 taxable years referred to in paragraph (5)(A) shall be increased by—

"(i) 5 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1995;

"(ii) 10.25 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1994;

"(iii) 15.76 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1993;

"(iv) 21.55 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1992; and

"(v) 27.63 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1991.

"(5) BASE PERIOD YEAR.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'base period year' means each of 3 taxable years which are among the 5 most recent taxable years of the corporation ending before October 14, 1995, determined by disregarding—

"(i) one taxable year for which the corporation had the largest inflation-adjusted possession income, and

"(ii) one taxable year for which the corporation had the smallest inflation-adjusted possession income.

"(B) CORPORATIONS NOT HAVING SIGNIFICANT POSSESSION INCOME THROUGHOUT 5-YEAR PERIOD.—

"(i) IN GENERAL.—If a corporation does not have significant possession income for each of the most recent 5 taxable years ending before October 14, 1995, then, in lieu of applying subparagraph (A), the term 'base period year' means only those taxable years (of such 5 taxable years) for which the corporation has significant possession income; except that, if such

corporation has significant possession income for 4 of such 5 taxable years, the rule of subparagraph (A)(ii) shall apply.

"(ii) SPECIAL RULE.—If there is no year (of such 5 taxable years) for which a corporation has significant possession income—

"(I) the term 'base period year' means the first taxable year ending on or after October 14, 1995, but

"(II) the amount of possession income for such year which is taken into account under paragraph (4) shall be the amount which would be determined if such year were a short taxable year ending on September 30, 1995.

"(iii) SIGNIFICANT POSSESSION INCOME.—For purposes of this subparagraph, the term 'significant possession income' means possession income which exceeds 2 percent of the possession income of the taxpayer for the taxable year (of the period of 6 taxable years ending with the first taxable year ending on or after October 14, 1995) having the greatest possession income.

"(C) ELECTION TO USE ONE BASE PERIOD YEAR.—

"(i) IN GENERAL.—At the election of the taxpayer, the term 'base period year' means—

"(I) only the last taxable year of the corporation ending in calendar year 1992, or

"(II) a deemed taxable year which includes the first ten months of calendar year 1995.

"(ii) BASE PERIOD INCOME FOR 1995.—In determining the adjusted base period income of the corporation for the deemed taxable year under clause (i)(II), the possession income shall be annualized and shall be determined without regard to any extraordinary item.

"(iii) ELECTION.—An election under this subparagraph by any possession corporation may be made only for the corporation's first taxable year beginning after December 31, 1995, for which it is a possession corporation. The rules of subclauses (II) and (III) of subsection (a)(4)(B)(iii) shall apply to the election under this subparagraph.

"(D) ACQUISITIONS AND DISPOSITIONS.—Rules similar to the rules of subparagraphs (A) and (B) of section 41(f)(3) shall apply for purposes of this subsection.

"(6) POSSESSION INCOME.—For purposes of this subsection, the term 'possession income' means, with respect to any possession, the income referred to in subsection (a)(1)(A) determined with respect to that possession. In no event shall possession income be treated as being less than zero.

"(7) SHORT YEARS.—If the current year or a base period year is a short taxable year, the application of this subsection shall be made with such annualizations as the Secretary shall prescribe.

"(8) SPECIAL RULES FOR CERTAIN POSSESSIONS.—

"(A) IN GENERAL.—In the case of an existing credit claimant with respect to an applicable possession, this section (other than the preceding paragraphs of this subsection) shall apply to such claimant with respect to such applicable possession for taxable years beginning after December 31, 1995, and before January 1, 2006.

"(B) APPLICABLE POSSESSION.—For purposes of this paragraph, the term 'applicable possession' means Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(9) EXISTING CREDIT CLAIMANT.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'existing credit claimant' means a corporation—

"(i) which was actively conducting a trade or business in a possession on October 13, 1995, and

"(ii) with respect to which an election under this section is in effect for the corporation's taxable year which includes October 13, 1995.

"(B) NEW LINES OF BUSINESS PROHIBITED.—If, after October 13, 1995, a corporation which would (but for this subparagraph) be an existing credit claimant adds a substantial new line of business, such corporation shall cease to be treated as an existing credit claimant as of the close of the taxable year ending before the date of such addition.

"(C) BINDING CONTRACT EXCEPTION.—If, on October 13, 1995, and at all times thereafter, there is in effect with respect to a corporation a binding contract for the acquisition of assets to be used in, or for the sale of assets to be produced from, a trade or business, the corporation shall be treated for purposes of this paragraph as actively conducting such trade or business on October 13, 1995. The preceding sentence shall not apply if such trade or business is not actively conducted before January 1, 1996.

"(10) SEPARATE APPLICATION TO EACH POSSESSION.—For purposes of determining—

"(A) whether a taxpayer is an existing credit claimant, and

"(B) the amount of the credit allowed under this section,

this subsection (and so much of this section as relates to this subsection) shall be applied separately with respect to each possession."

(b) ECONOMIC ACTIVITY CREDIT FOR PUERTO RICO.—

(1) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

"SEC. 30A. PUERTO RICAN ECONOMIC ACTIVITY CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—Except as otherwise provided in this section, if the conditions of both paragraph (1) and paragraph (2) of subsection (b) are satisfied with respect to a qualified domestic corporation, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to the taxable income, from sources without the United States, from—

"(A) the active conduct of a trade or business within Puerto Rico, or

"(B) the sale or exchange of substantially all of the assets used by the taxpayer in the active conduct of such trade or business.

In the case of any taxable year beginning after December 31, 2001, the aggregate amount of taxable income taken into account under the preceding sentence (and in applying subsection (d)) shall not exceed the adjusted base period income of such corporation, as determined in the same manner as under section 936(j).

"(2) QUALIFIED DOMESTIC CORPORATION.—For purposes of paragraph (1), the term 'qualified domestic corporation' means a domestic corporation—

"(A) which is an existing credit claimant with respect to Puerto Rico, and

"(B) with respect to which section 936(a)(4)(B) does not apply for the taxable year.

"(3) SEPARATE APPLICATION.—For purposes of determining—

"(A) whether a taxpayer is an existing credit claimant with respect to Puerto Rico, and

"(B) the amount of the credit allowed under this section,

this section (and so much of section 936 as relates to this section) shall be applied separately with respect to Puerto Rico.

"(b) CONDITIONS WHICH MUST BE SATISFIED.—The conditions referred to in subsection (a) are—

"(1) 3-YEAR PERIOD.—If 80 percent or more of the gross income of the qualified domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession (determined without regard to section 904(f)).

"(2) TRADE OR BUSINESS.—If 75 percent or more of the gross income of the qualified domestic corporation for such period or such part thereof was derived from the active conduct of a trade or business within a possession.

"(c) CREDIT NOT ALLOWED AGAINST CERTAIN TAXES.—The credit provided by subsection (a) shall not be allowed against the tax imposed by—

"(1) section 59A (relating to environmental tax),

"(2) section 531 (relating to the tax on accumulated earnings),

"(3) section 541 (relating to personal holding company tax), or

"(4) section 1351 (relating to recoveries of foreign expropriation losses).

"(d) LIMITATIONS ON CREDIT FOR ACTIVE BUSINESS INCOME.—The amount of the credit determined under subsection (a) for any taxable year shall not exceed the sum of the following amounts:

"(1) 60 percent of the sum of—

"(A) the aggregate amount of the qualified domestic corporation's qualified possession wages for such taxable year, plus

"(B) the allocable employee fringe benefit expenses of the qualified domestic corporation for such taxable year.

"(2) The sum of—

"(A) 15 percent of the deprecation allowances for the taxable year with respect to short-life qualified tangible property,

"(B) 40 percent of the depreciation allowances for the taxable year with respect to medium-life qualified tangible property, and

"(C) 65 percent of the depreciation allowances for the taxable year with respect to long-life qualified tangible property.

"(3) If the qualified domestic corporation does not have an election to use the method described in section 936(h)(5)(C)(ii) (relating to profit split) in effect for the taxable year, the amount of the qualified possession income taxes for the taxable year allocable to nonsheltered income.

"(e) ADMINISTRATIVE PROVISIONS.—For purposes of this title—

"(1) the provisions of section 936 (including any applicable election thereunder) shall apply in the same manner as if the credit under this section were a credit under section 936(a)(1)(A) for a domestic corporation to which section 936(a)(4)(A) applies,

"(2) the credit under this section shall be treated in the same manner as the credit under section 936, and

"(3) a corporation to which this section applies shall be treated in the same manner as if it were a corporation electing the application of section 936.

"(f) DEFINITIONS.—For purposes of this section, any term used in this section which is also used in section 936 shall have the same meaning given such term by section 936.

"(g) APPLICATION OF SECTION.—This section shall apply to taxable years beginning after December 31, 1995, and before January 1, 2006."

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 55(c) is amended by striking "and the section 936 credit allowable under section 27(b)" and inserting ", the section 936 credit allowable under section 27(b), and the Puerto Rican economic activity credit under section 30A".

(B) Subclause (I) of section 56(g)(4)(C)(ii) is amended—

(i) by inserting "30A," before "936", and

(ii) by striking "and (i)" and inserting ", (i), and (j)".

(C) Clause (iii) of section 56(g)(4)(C) is amended by adding at the end the following new subclause:

"(VI) APPLICATION TO SECTION 30A CORPORATIONS.—References in this clause to section 936

shall be treated as including references to section 30A."

(D) Subsection (b) of section 59 is amended by striking "section 936," and all that follows and inserting "section 30A or 936, alternative minimum taxable income shall not include any income with respect to which a credit is determined under section 30A or 936.".

(E) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 30A. Puerto Rican economic activity credit."

(F)(i) The heading for subpart B of part IV of subchapter A of chapter 1 is amended to read as follows:

"Subpart B—Other Credits".

(ii) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart B and inserting the following new item:

"Subpart B. Other credits."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 1602. REPEAL OF EXCLUSION FOR INTEREST ON LOANS USED TO ACQUIRE EMPLOYER SECURITIES.

(a) IN GENERAL.—Section 133 (relating to interest on certain loans used to acquire employer securities) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 291(e)(1) is amended by striking clause (iv) and by redesignating clause (v) as clause (iv).

(2) Section 812 is amended by striking subsection (g).

(3) Paragraph (5) of section 852(b) is amended by striking subparagraph (C).

(4) Paragraph (2) of section 4978(b) is amended by striking subparagraph (A) and all that follows and inserting the following:

"(A) first from qualified securities to which section 1042 applied acquired during the 3-year period ending on the date of the disposition, beginning with the securities first so acquired, and

"(B) then from any other employer securities. If subsection (d) applies to a disposition, the disposition shall be treated as made from employer securities in the opposite order of the preceding sentence.".

(5)(A) Section 4978B (relating to tax on disposition of employer securities to which section 133 applied) is hereby repealed.

(B) The table of sections for chapter 43 is amended by striking the item relating to section 4978B.

(6) Subsection (e) of section 6047 is amended by striking paragraphs (1), (2), and (3) and inserting the following new paragraphs:

"(1) any employer maintaining, or the plan administrator (within the meaning of section 414(g)) of, an employee stock ownership plan which holds stock with respect to which section 404(k) applies to dividends paid on such stock, or

"(2) both such employer or plan administrator,".

(7) Subsection (f) of section 7872 is amended by striking paragraph (12).

(8) The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 133.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to loans made after October 13, 1995.

(2) REFINANCINGS.—The amendments made by this section shall not apply to loans made after October 13, 1995, to refinance securities acquisition loans (determined without regard to section 133(b)(1)(B) of the Internal Revenue Code of 1986, as in effect on the day before the date of the enactment of this Act) made on or before such date or to refinance loans described in this paragraph if—

(A) the refinancing loans meet the requirements of section 133 of such Code (as so in effect),

(B) immediately after the refinancing the principal amount of the loan resulting from the refinancing does not exceed the principal amount of the refinanced loan (immediately before the refinancing), and

(C) the term of such refinancing loan does not extend beyond the last day of the term of the original securities acquisition loan.

For purposes of this paragraph, the term "securities acquisition loan" includes a loan from a corporation to an employee stock ownership plan described in section 133(b)(3) of such Code (as so in effect).

(3) EXCEPTION.—Any loan made pursuant to a binding written contract in effect on October 13, 1995, and at all times thereafter before such loan is made, shall be treated for purposes of paragraphs (1) and (2) as a loan made before such date.

SEC. 1603. CERTAIN AMOUNTS DERIVED FROM FOREIGN CORPORATIONS TREATED AS UNRELATED BUSINESS TAXABLE INCOME.

(a) GENERAL RULE.—Subsection (b) of section 512 (relating to modifications) is amended by adding at the end the following new paragraph:

"(17) TREATMENT OF CERTAIN AMOUNTS DERIVED FROM FOREIGN CORPORATIONS.—

"(A) IN GENERAL.—Notwithstanding paragraph (1), any amount included in gross income under section 951(a)(1)(A) shall be included as an item of gross income derived from an unrelated trade or business to the extent the amount so included is attributable to insurance income (as defined in section 953) which, if derived directly by the organization, would be treated as gross income from an unrelated trade or business. There shall be allowed all deductions directly connected with amounts included in gross income under the preceding sentence.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to income attributable to a policy of insurance or reinsurance with respect to which the person (directly or indirectly) insured is—

"(i) such organization,

"(ii) an affiliate of such organization which is exempt from tax under section 501(a), or

"(iii) a director or officer of, or an individual who (directly or indirectly) performs services for, such organization or affiliate but only if the insurance covers primarily risks associated with the performance of services in connection with such organization or affiliate.

For purposes of this subparagraph, the determination as to whether an entity is an affiliate of an organization shall be made under rules similar to the rules of section 168(h)(4)(B).

"(C) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations for the application of this paragraph in the case of income paid through 1 or more entities or between 2 or more chains of entities."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts included in gross income in any taxable year beginning after December 31, 1995.

SEC. 1604. DEPRECIATION UNDER INCOME FORECAST METHOD.

(a) GENERAL RULE.—Section 167 (relating to depreciation) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) DEPRECIATION UNDER INCOME FORECAST METHOD.—

"(1) IN GENERAL.—If the depreciation deduction allowable under this section to any taxpayer with respect to any property is determined under the income forecast method or any similar method—

"(A) the income from the property to be taken into account in determining the depreciation deduction under such method shall be equal to the amount of income earned in connection with the property before the close of the 10th taxable year following the taxable year in which the property was placed in service,

"(B) the adjusted basis of the property shall only include amounts with respect to which the requirements of section 461(h) are satisfied,

"(C) the depreciation deduction under such method for the 10th taxable year beginning after the taxable year in which the property was placed in service shall be equal to the adjusted basis of such property as of the beginning of such 10th taxable year, and

"(D) such taxpayer shall pay (or be entitled to receive) interest computed under the look-back method of paragraph (2) for any recomputation year.

"(2) LOOK-BACK METHOD.—The interest computed under the look-back method of this paragraph for any recomputation year shall be determined by—

"(A) first determining the depreciation deductions under this section with respect to such property which would have been allowable for prior taxable years if the determination of the amounts so allowable had been made on the basis of the sum of the following (instead of the estimated income from such property)—

"(i) the actual income earned in connection with such property for periods before the close of the recomputation year, and

"(ii) an estimate of the future income to be earned in connection with such property for periods after the recomputation year and before the close of the 10th taxable year following the taxable year in which the property was placed in service,

"(B) second, determining (solely for purposes of computing such interest) the overpayment or underpayment of tax for each such prior taxable year which would result solely from the application of subparagraph (A), and

"(C) then using the adjusted overpayment rate (as defined in section 460(b)(7)), compounded daily, on the overpayment or underpayment determined under subparagraph (B).

For purposes of the preceding sentence, any cost incurred after the property is placed in service (which is not treated as a separate property under paragraph (5)) shall be taken into account by discounting (using the Federal midterm rate determined under section 1274(d) as of the time such cost is incurred) such cost to its value as of the date the property is placed in service. The taxpayer may elect with respect to any property to have the preceding sentence not apply to such property.

"(3) EXCEPTION FROM LOOK-BACK METHOD.—Paragraph (1)(D) shall not apply with respect to any property which, when placed in service by the taxpayer, had a basis of $100,000 or less.

"(4) RECOMPUTATION YEAR.—For purposes of this subsection, except as provided in regulations, the term 'recomputation year' means, with respect to any property, the 3d and the 10th taxable years beginning after the taxable year in which the property was placed in service, unless the actual income earned in connection with the property for the period before the close of such 3d or 10th taxable year is within 10 percent of the income earned in connection with the property for such period which was taken into account under paragraph (1)(A).

"(5) SPECIAL RULES.—

"(A) CERTAIN COSTS TREATED AS SEPARATE PROPERTY.—For purposes of this subsection, the

following costs shall be treated as separate properties:

"(i) Any costs incurred with respect to any property after the 10th taxable year beginning after the taxable year in which the property was placed in service.

"(ii) Any costs incurred after the property is placed in service and before the close of such 10th taxable year if such costs are significant and give rise to a significant increase in the income from the property which was not included in the estimated income from the property.

"(B) SYNDICATION INCOME FROM TELEVISION SERIES.—In the case of property which is an episode in a television series, income from syndicating such series shall not be required to be taken into account under this subsection before the earlier of—

"(i) the 4th taxable year beginning after the date the first episode in such series is placed in service, or

"(ii) the earliest taxable year in which the taxpayer has an arrangement relating to the future syndication of such series.

"(C) SPECIAL RULES FOR FINANCIAL EXPLOITATION OF CHARACTERS, ETC.—For purposes of this subsection, in the case of television and motion picture films, the income from the property shall include income from the exploitation of characters, designs, scripts, scores, and other incidental income associated with such films, but only to the extent that such income is earned in connection with the ultimate use of such items by, or the ultimate sale of merchandise to, persons who are not related persons (within the meaning of section 267(b)) to the taxpayer.

"(D) COLLECTION OF INTEREST.—For purposes of subtitle F (other than sections 6654 and 6655), any interest required to be paid by the taxpayer under paragraph (1) for any recomputation year shall be treated as an increase in the tax imposed by this chapter for such year.

"(E) DETERMINATIONS.—For purposes of paragraph (2), determinations of the amount of income earned in connection with any property shall be made in the same manner as for purposes of applying the income forecast method; except that any income from the disposition of such property shall be taken into account.

"(F) TREATMENT OF PASS-THRU ENTITIES.—Rules similar to the rules of section 460(b)(4) shall apply for purposes of this subsection."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to property placed in service after September 13, 1995.

(2) BINDING CONTRACTS.—The amendment made by subsection (a) shall not apply to any property produced or acquired by the taxpayer pursuant to a written contract which was binding on September 13, 1995, and at all times thereafter before such production or acquisition.

SEC. 1605. REPEAL OF EXCLUSION FOR PUNITIVE DAMAGES AND FOR DAMAGES NOT ATTRIBUTABLE TO PHYSICAL INJURIES OR SICKNESS.

(a) IN GENERAL.—Paragraph (2) of section 104(a) (relating to compensation for injuries or sickness) is amended to read as follows:

"(2) the amount of any damages (other than punitive damages) received (whether by suit or agreement and whether as lump sums or as periodic payments) on account of personal physical injuries or physical sickness;".

(b) EMOTIONAL DISTRESS AS SUCH TREATED AS NOT PHYSICAL INJURY OR PHYSICAL SICKNESS.—Section 104(a) is amended by striking the last sentence and inserting the following new sentence: "For purposes of paragraph (2), emotional distress shall not be treated as a physical injury or physical sickness. The preceding sentence shall not apply to an amount of damages not in excess of the amount paid for medical care (described in subparagraph (A) or (B) of section 213(d)(1)) attributable to emotional distress.".

(c) APPLICATION OF PRIOR LAW FOR STATES IN WHICH ONLY PUNITIVE DAMAGES MAY BE AWARDED IN WRONGFUL DEATH ACTIONS.—Section 104 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) APPLICATION OF PRIOR LAW IN CERTAIN CASES.—The phrase '(other than punitive damages)' shall not apply to punitive damages awarded in a civil action—

"(1) which is a wrongful death action, and

"(2) with respect to which applicable State law (as in effect on September 13, 1995 and without regard to any modification after such date) provides, or has been construed to provide by a court of competent jurisdiction pursuant to a decision issued on or before September 13, 1995, that only punitive damages may be awarded in such an action.

This subsection shall cease to apply to any civil action filed on or after the first date on which the applicable State law ceases to provide (or is no longer construed to provide) the treatment described in paragraph (2)."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts received after June 30, 1996, in taxable years ending after such date.

(2) EXCEPTION.—The amendments made by this section shall not apply to any amount received under a written binding agreement, court decree, or mediation award in effect on (or issued on or before) September 13, 1995.

SEC. 1606. REPEAL OF DIESEL FUEL TAX REBATE TO PURCHASERS OF DIESEL-POWERED AUTOMOBILES AND LIGHT TRUCKS.

(a) IN GENERAL.—Section 6427 (relating to fuels not used for taxable purposes) is amended by striking subsection (g).

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 34(a) is amended to read as follows:

"(3) under section 6427 with respect to fuels used for nontaxable purposes or resold during the taxable year (determined without regard to section 6427(k)).".

(2) Paragraphs (1) and (2)(A) of section 6427(i) are each amended—

(A) by striking "(g),", and

(B) by striking "(or a qualified diesel powered highway vehicle purchased)" each place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to vehicles purchased after the date of the enactment of this Act.

Subtitle G—Technical Corrections

SEC. 1701. COORDINATION WITH OTHER SUBTITLES.

For purposes of applying the amendments made by any subtitle of this title other than this subtitle, the provisions of this subtitle shall be treated as having been enacted immediately before the provisions of such other subtitles.

SEC. 1702. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1990.

(a) AMENDMENTS RELATED TO SUBTITLE A.—

(1) Subparagraph (B) of section 59(j)(3) is amended by striking "section 1(i)(3)(B)" and inserting "section 1(g)(3)(B)".

(2) Clause (i) of section 151(d)(3)(C) is amended by striking "joint of a return" and inserting "joint return".

(b) AMENDMENTS RELATED TO SUBTITLE B.—

(1) Paragraph (1) of section 11212(e) of the Revenue Reconciliation Act of 1990 is amended by striking "Paragraph (1) of section 6724(d)" and inserting "Subparagraph (B) of section 6724(d)(1)".

(2)(A) Subparagraph (B) of section 4093(c)(2), as in effect before the amendments made by the Revenue Reconciliation Act of 1993, is amended by inserting before the period "unless such fuel is sold for exclusive use by a State or any political subdivision thereof".

(B) Paragraph (4) of section 6427(l), as in effect before the amendments made by the Revenue Reconciliation Act of 1993, is amended by inserting before the period "unless such fuel was used by a State or any political subdivision thereof".

(3) Paragraph (1) of section 6416(b) is amended by striking "chapter 32 or by section 4051" and inserting "chapter 31 or 32".

(4) Section 7012 is amended—

(A) by striking "production or importation of gasoline" in paragraph (3) and inserting "taxes on gasoline and diesel fuel", and

(B) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(5) Subsection (c) of section 5041 is amended by striking paragraph (6) and by inserting the following new paragraphs:

"(6) CREDIT FOR TRANSFEREE IN BOND.—If—

"(A) wine produced by any person would be eligible for any credit under paragraph (1) if removed by such person during the calendar year,

"(B) wine produced by such person is removed during such calendar year by any other person (hereafter in this paragraph referred to as the 'transferee') to whom such wine was transferred in bond and who is liable for the tax imposed by this section with respect to such wine, and

"(C) such producer holds title to such wine at the time of its removal and provides to the transferee such information as is necessary to properly determine the transferee's credit under this paragraph,

then, the transferee (and not the producer) shall be allowed the credit under paragraph (1) which would be allowed to the producer if the wine removed by the transferee had been removed by the producer on that date.

"(7) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations—

"(A) to prevent the credit provided in this subsection from benefiting any person who produces more than 250,000 wine gallons during a calendar year, and

"(B) to assure proper reduction of such credit for persons producing more than 150,000 wine gallons of wine during a calendar year."

(6) Paragraph (3) of section 5061(b) is amended to read as follows:

"(3) section 5041(f),".

(7) Section 5354 is amended by inserting "(taking into account the appropriate amount of credit with respect to such wine under section 5041(c))" after "any one time".

(c) AMENDMENTS RELATED TO SUBTITLE C.—

(1) Paragraph (4) of section 56(g) is amended by redesignating subparagraphs (I) and (J) as subparagraphs (H) and (I), respectively.

(2) Subparagraph (B) of section 6724(d)(1) is amended—

(A) by striking "or" at the end of clause (xii), and

(B) by striking the period at the end of clause (xiii) and inserting ", or".

(3) Subsection (g) of section 6302 is amended by inserting ", 22," after "chapters 21".

(4) The earnings and profits of any insurance company to which section 11305(c)(3) of the Revenue Reconciliation Act of 1990 applies shall be determined without regard to any deduction allowed under such section; except that, for purposes of applying sections 56 and 902, and subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1986, such deduction shall be taken into account.

(5) Subparagraph (D) of section 6038A(e)(4) is amended—

(A) by striking "any transaction to which the summons relates" and inserting "any affected taxable year", and

(B) by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'affected taxable year' means any taxable year if the determination of the amount of tax imposed for such taxable year is affected by the treatment of the transaction to which the summons relates.".

(6) Subparagraph (A) of section 6621(c)(2) is amended by adding at the end thereof the following new flush sentence:

"The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.".

(7) Clause (i) of section 6621(c)(2)(B) is amended by striking "this subtitle" and inserting "this title".

(d) AMENDMENTS RELATED TO SUBTITLE D.—

(1) Notwithstanding section 11402(c) of the Revenue Reconciliation Act of 1990, the amendment made by section 11402(b)(1) of such Act shall apply to taxable years ending after December 31, 1989.

(2) Clause (ii) of section 143(m)(4)(C) is amended—

(A) by striking "any month of the 10-year period" and inserting "any year of the 4-year period",

(B) by striking "succeeding months" and inserting "succeeding years", and

(C) by striking "over the remainder of such period (or, if lesser, 5 years)" and inserting "to zero over the succeeding 5 years".

(e) AMENDMENTS RELATED TO SUBTITLE E.—

(1)(A) Clause (ii) of section 56(d)(1)(B) is amended to read as follows:

"(ii) appropriate adjustments in the application of section 172(b)(2) shall be made to take into account the limitation of subparagraph (A)."

(B) For purposes of applying sections 56(g)(1) and 56(g)(3) of the Internal Revenue Code of 1986 with respect to taxable years beginning in 1991 and 1992, the reference in such sections to the alternative tax net operating loss deduction shall be treated as including a reference to the deduction under section 56(h) of such Code as in effect before the amendments made by section 1915 of the Energy Policy Act of 1992.

(2) Clause (i) of section 613A(c)(3)(A) is amended by striking "the table contained in".

(3) Section 6501 is amended—

(A) by striking subsection (m) (relating to deficiency attributable to election under section 44B) and by redesignating subsections (n) and (o) as subsections (m) and (n), respectively, and

(B) by striking "section 40(f) or 51(j)" in subsection (m) (as redesignated by subparagraph (A)) and inserting "section 40(f), 43, or 51(j)".

(4) Subparagraph (C) of section 38(c)(2) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) is amended by inserting before the period at the end of the first sentence the following: "and without regard to the deduction under section 56(h)".

(5) The amendment made by section 1913(b)(2)(C)(i) of the Energy Policy Act of 1992 shall apply to taxable years beginning after December 31, 1990.

(f) AMENDMENTS RELATED TO SUBTITLE F.—

(1)(A) Section 2701(a)(3) is amended by adding at the end thereof the following new subparagraph:

"(C) VALUATION OF QUALIFIED PAYMENTS WHERE NO LIQUIDATION, ETC. RIGHTS.—In the case of an applicable retained interest which is described in subparagraph (B)(i) but not subparagraph (B)(ii), the value of the distribution right shall be determined without regard to this section."

(B) Section 2701(a)(3)(B) is amended by inserting "CERTAIN" before "QUALIFIED" in the heading thereof.

(C) Sections 2701 (d)(1) and (d)(4) are each amended by striking "subsection (a)(3)(B)" and inserting "subsection (a)(3) (B) or (C)".

(2) Clause (i) of section 2701(a)(4)(B) is amended by inserting "(or, to the extent provided in regulations, the rights as to either income or capital)" after "income and capital".

(3)(A) Section 2701(b)(2) is amended by adding at the end thereof the following new subparagraph:

"(C) APPLICABLE FAMILY MEMBER.—For purposes of this subsection, the term 'applicable family member' includes any lineal descendant of any parent of the transferor or the transferor's spouse."

(B) Section 2701(e)(3) is amended—

(i) by striking subparagraph (B), and

(ii) by striking so much of paragraph (3) as precedes "shall be treated as holding" and inserting:

"(3) ATTRIBUTION OF INDIRECT HOLDINGS AND TRANSFERS.—An individual".

(C) Section 2704(c)(3) is amended by striking "section 2701(e)(3)(A)" and inserting "section 2701(e)(3)".

(4) Clause (i) of section 2701(c)(1)(B) is amended to read as follows:

"(i) a right to distributions with respect to any interest which is junior to the rights of the transferred interest,".

(5)(A) Clause (i) of section 2701(c)(3)(C) is amended to read as follows:

"(i) IN GENERAL.—Payments under any interest held by a transferor which (without regard to this subparagraph) are qualified payments shall be treated as qualified payments unless the transferor elects not to treat such payments as qualified payments. Payments described in the preceding sentence which are held by an applicable family member shall be treated as qualified payments only if such member elects to treat such payments as qualified payments."

(B) The first sentence of section 2701(c)(3)(C)(ii) is amended to read as follows: "A transferor or applicable family member holding any distribution right which (without regard to this subparagraph) is not a qualified payment may elect to treat such right as a qualified payment, to be paid in the amounts and at the times specified in such election.".

(C) The time for making an election under the second sentence of section 2701(c)(3)(C)(i) of the Internal Revenue Code of 1986 (as amended by subparagraph (A)) shall not expire before the due date (including extensions) for filing the transferor's return of the tax imposed by section 2501 of such Code for the first calendar year ending after the date of enactment.

(6) Section 2701(d)(3)(A)(iii) is amended by striking "the period ending on the date of".

(7) Subclause (I) of section 2701(d)(3)(B)(ii) is amended by inserting "or the exclusion under section 2503(b)," after "section 2523,".

(8) Section 2701(e)(5) is amended—

(A) by striking "such contribution to capital or such redemption, recapitalization, or other change" in subparagraph (A) and inserting "such transaction", and

(B) by striking "the transfer" in subparagraph (B) and inserting "such transaction".

(9) Section 2701(d)(4) is amended by adding at the end thereof the following new subparagraph:

"(C) TRANSFER TO TRANSFERORS.—In the case of a taxable event described in paragraph (3)(A)(ii) involving a transfer of an applicable retained interest from an applicable family member to a transferor, this subsection shall continue to apply to the transferor during any period the transferor holds such interest."

(10) Section 2701(e)(6) is amended by inserting "or to reflect the application of subsection (d)" before the period at the end thereof.

(11)(A) Section 2702(a)(3)(A) is amended—

(i) by striking "to the extent" and inserting "if" in clause (i),

(ii) by striking "or" at the end of clause (i),

(iii) by striking the period at the end of clause (ii) and inserting ", or", and

(iv) by adding at the end thereof the following new clause:

"(iii) to the extent that regulations provide that such transfer is not inconsistent with the purposes of this section."

(B)(i) Section 2702(a)(3) is amended by striking "incomplete transfer" each place it appears and inserting "incomplete gift".

(ii) The heading for section 2702(a)(3)(B) is amended by striking "INCOMPLETE TRANSFER" and inserting "INCOMPLETE GIFT".

(g) AMENDMENTS RELATED TO SUBTITLE G.—

(1)(A) Subsection (a) of section 1248 is amended—

(i) by striking ", or if a United States person receives a distribution from a foreign corporation which, under section 302 or 331, is treated as an exchange of stock" in paragraph (1), and

(ii) by adding at the end thereof the following new sentence: "For purposes of this section, a United States person shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such person is treated as realizing gain from the sale or exchange of such stock.".

(B) Paragraph (1) of section 1248(e) is amended by striking ", or receives a distribution from a domestic corporation which, under section 302 or 331, is treated as an exchange of stock".

(C) Subparagraph (B) of section 1248(f)(1) is amended by striking "or 361(c)(1)" and inserting "355(c)(1), or 361(c)(1)".

(D) Paragraph (1) of section 1248(i) is amended to read as follows:

"(1) IN GENERAL.—If any shareholder of a 10-percent corporate shareholder of a foreign corporation exchanges stock of the 10-percent corporate shareholder for stock of the foreign corporation, such 10-percent corporate shareholder shall recognize gain in the same manner as if the stock of the foreign corporation received in such exchange had been—

"(A) issued to the 10-percent corporate shareholder, and

"(B) then distributed by the 10-percent corporate shareholder to such shareholder in redemption or liquidation (whichever is appropriate).

The amount of gain recognized by such 10-percent corporate shareholder under the preceding sentence shall not exceed the amount treated as a dividend under this section."

(2) Section 897 is amended by striking subsection (f).

(3) Paragraph (13) of section 4975(d) is amended by striking "section 408(b)" and inserting "section 408(b)(12)".

(4) Clause (iii) of section 56(g)(4)(D) is amended by inserting ", but only with respect to taxable years beginning after December 31, 1989" before the period at the end thereof.

(5)(A) Paragraph (11) of section 11701(a) of the Revenue Reconciliation Act of 1990 (and the amendment made by such paragraph) are hereby repealed, and section 7108(r)(2) of the Revenue Reconciliation Act of 1989 shall be applied as if such paragraph (and amendment) had never been enacted.

(B) Subparagraph (A) shall not apply to any building if the owner of such building establishes to the satisfaction of the Secretary of the Treasury or his delegate that such owner reasonably relied on the amendment made by such paragraph (11).

(h) AMENDMENTS RELATED TO SUBTITLE H.—

(1)(A) Clause (vi) of section 168(e)(3)(B) is amended by striking "or" at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ", or", and by adding at the end thereof the following new subclause:

"(III) is described in section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)."

(B) Subparagraph (B) of section 168(e)(3) (relating to 5-year property) is amended by adding at the end the following flush sentence:

"Nothing in any provision of law shall be construed to treat property as not being described in clause (vi)(I) (or the corresponding provisions of prior law) by reason of being public utility property (within the meaning of section 48(a)(3))."

(C) Subparagraph (K) of section 168(g)(4) is amended by striking "section 48(a)(3)(A)(iii)" and inserting "section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)".

(2) Clause (ii) of section 172(b)(1)(E) is amended by striking "subsection (m)" and inserting "subsection (h)".

(3) Sections 805(a)(4)(E), 832(b)(5)(C)(ii)(II), and 832(b)(5)(D)(ii)(II) are each amended by striking "243(b)(5)" and inserting "243(b)(2)".

(4) Subparagraph (A) of section 243(b)(3) is amended by inserting "of" after "In the case".

(5) The subsection heading for subsection (a) of section 280F is amended by striking "INVESTMENT TAX CREDIT AND".

(6) Clause (i) of section 1504(c)(2)(B) is amended by inserting "section" before "243(b)(2)".

(7) Paragraph (3) of section 341(f) is amended by striking "351, 361, 371(a), or 374(a)" and inserting "351, or 361".

(8) Paragraph (2) of section 243(b) is amended to read as follows:

"(2) AFFILIATED GROUP.—For purposes of this subsection:

"(A) IN GENERAL.—The term 'affiliated group' has the meaning given such term by section 1504(a), except that for such purposes sections 1504(b)(2), 1504(b)(4), and 1504(c) shall not apply.

"(B) GROUP MUST BE CONSISTENT IN FOREIGN TAX TREATMENT.—The requirements of paragraph (1)(A) shall not be treated as being met with respect to any dividend received by a corporation if, for any taxable year which includes the day on which such dividend is received—

"(i) 1 or more members of the affiliated group referred to in paragraph (1)(A) choose to any extent to take the benefits of section 901, and

"(ii) 1 or more other members of such group claim to any extent a deduction for taxes otherwise creditable under section 901."

(9) The amendment made by section 11813(b)(17) of the Revenue Reconciliation Act of 1990 shall be applied as if the material stricken by such amendment included the closing parenthesis after "section 48(a)(5)".

(10) Paragraph (1) of section 179(d) is amended by striking "in a trade or business" and inserting "a trade or business".

(11) Subparagraph (E) of section 50(a)(2) is amended by striking "section 48(a)(5)(A)" and inserting "section 48(a)(5)".

(12) The amendment made by section 11801(c)(9)(G)(ii) of the Revenue Reconciliation Act of 1990 shall be applied as if it struck "Section 422A(c)(2)" and inserted "Section 422(c)(2)".

(13) Subparagraph (B) of section 424(c)(3) is amended by striking "a qualified stock option, an incentive stock option, an option granted under an employee stock purchase plan, or a restricted stock option" and inserting "an incentive stock option or an option granted under an employee stock purchase plan".

(14) Subparagraph (E) of section 1367(a)(2) is amended by striking "section 613A(c)(13)(B)" and inserting "section 613A(c)(11)(B)".

(15) Subparagraph (B) of section 460(e)(6) is amended by striking "section 167(k)" and inserting "section 168(e)(2)(A)(ii)".

(16) Subparagraph (C) of section 172(h)(4) is amended by striking "subsection (b)(1)(M)" and inserting "subsection (b)(1)(E)".

(17) Section 6503 is amended—

(A) by redesignating the subsection relating to extension in case of certain summonses as subsection (j), and

(B) by redesignating the subsection relating to cross references as subsection (k).

(18) Paragraph (4) of section 1250(e) is hereby repealed.

(i) EFFECTIVE DATE.—Except as otherwise expressly provided—

(1) the amendments made by this section shall be treated as amendments to the Internal Revenue Code of 1986 as amended by the Revenue Reconciliation Act of 1993; and

(2) any amendment made by this section shall apply to periods before the date of the enactment of this section in the same manner as if it had been included in the provision of the Revenue Reconciliation Act of 1990 to which such amendment relates.

SEC. 1703. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1993.

(a) AMENDMENT RELATED TO SECTION 13114.—Paragraph (2) of section 1044(c) is amended to read as follows:

"(2) PURCHASE.—The taxpayer shall be considered to have purchased any property if, but for subsection (d), the unadjusted basis of such property would be its cost within the meaning of section 1012."

(b) AMENDMENTS RELATED TO SECTION 13142.—

(1) Subparagraph (B) of section 13142(b)(6) of the Revenue Reconciliation Act of 1993 is amended to read as follows:

"(B) FULL-TIME STUDENTS, WAIVER AUTHORITY, AND PROHIBITED DISCRIMINATION.—The amendments made by paragraphs (2), (3), and (4) shall take effect on the date of the enactment of this Act."

(2) Subparagraph (C) of section 13142(b)(6) of such Act is amended by striking "paragraph (2)" and inserting "paragraph (5)".

(c) AMENDMENT RELATED TO SECTION 13161.—

(1) IN GENERAL.—Subsection (e) of section 4001 (relating to inflation adjustment) is amended to read as follows:

"(e) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—The $30,000 amount in subsection (a) and section 4003(a) shall be increased by an amount equal to—

"(A) $30,000, multiplied by

"(B) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the vehicle is sold, determined by substituting 'calendar year 1990' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of $2,000, such amount shall be rounded to the next lowest multiple of $2,000."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(d) AMENDMENT RELATED TO SECTION 13201.—Clause (ii) of section 135(b)(2)(B) is amended by inserting before the period at the end thereof the following: ", determined by substituting 'calendar year 1989' for 'calendar year 1992' in subparagraph (B) thereof".

(e) AMENDMENTS RELATED TO SECTION 13203.—Subsection (a) of section 59 is amended—

(1) by striking "the amount determined under section 55(b)(1)(A)" in paragraph (1)(A) and (2)(A)(i) and inserting "the pre-credit tentative minimum tax",

(2) by striking "specified in section 55(b)(1)(A)" in paragraph (1)(C) and inserting "specified in subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies)",

(3) by striking "which would be determined under section 55(b)(1)(A)" in paragraph (2)(A)(ii) and inserting "which would be the pre-credit tentative minimum tax", and

(4) by adding at the end thereof the following new paragraph:

"(3) PRE-CREDIT TENTATIVE MINIMUM TAX.—For purposes of this subsection, the term 'pre-credit tentative minimum tax' means—

"(A) in the case of a taxpayer other than a corporation, the amount determined under the first sentence of section 55(b)(1)(A)(i), or

"(B) in the case of a corporation, the amount determined under section 55(b)(1)(B)(i)."

(f) AMENDMENT RELATED TO SECTION 13221.—Sections 1201(a) and 1561(a) are each amended by striking "last sentence" each place it appears and inserting "last 2 sentences".

(g) AMENDMENTS RELATED TO SECTION 13222.—

(1) Subparagraph (B) of section 6033(e)(1) is amended by adding at the end thereof the following new clause:

"(iii) COORDINATION WITH SECTION 527(f).—This subsection shall not apply to any amount on which tax is imposed by reason of section 527(f).".

(2) Clause (i) of section 6033(e)(1)(B) is amended by striking "this subtitle" and inserting "section 501".

(h) AMENDMENT RELATED TO SECTION 13225.—Paragraph (3) of section 6655(g) is amended by striking all that follows "'3rd month'" in the sentence following subparagraph (C) and inserting ", subsection (e)(2)(A) shall be applied by substituting '2 months' for '3 months' in clause (i)(I), the election under clause (i) of subsection (e)(2)(C) may be made separately for each installment, and clause (ii) of subsection (e)(2)(C) shall not apply.".

(i) AMENDMENTS RELATED TO SECTION 13231.—

(1) Subparagraph (G) of section 904(d)(3) is amended by striking "section 951(a)(1)(B)" and inserting "subparagraph (B) or (C) of section 951(a)(1)".

(2) Paragraph (1) of section 956A(b) is amended to read as follows:

"(1) the amount (not including a deficit) referred to in section 316(a)(1) to the extent such amount was accumulated in prior taxable years beginning after September 30, 1993, and".

(3) Subsection (f) of section 956A is amended by inserting before the period at the end thereof: "and regulations coordinating the provisions of subsections (c)(3)(A) and (d)".

(4) Subsection (b) of section 958 is amended by striking "956(b)(2)" each place it appears and inserting "956(c)(2)".

(5)(A) Subparagraph (A) of section 1297(d)(2) is amended by striking "The adjusted basis of any asset" and inserting "The amount taken into account under section 1296(a)(2) with respect to any asset".

(B) The paragraph heading of paragraph (2) of section 1297(d) is amended to read as follows:

"(2) AMOUNT TAKEN INTO ACCOUNT.—".

(6) Subsection (e) of section 1297 is amended by inserting "For purposes of this part—" after the subsection heading.

(j) AMENDMENT RELATED TO SECTION 13241.—Subparagraph (B) of section 40(e)(1) is amended to read as follows:

"(B) for any period before January 1, 2001, during which the rates of tax under section 4081(a)(2)(A) are 4.3 cents per gallon."

(k) AMENDMENT RELATED TO SECTION 13261.—Clause (iii) of section 1326I(g)(2)(A) of the Revenue Reconciliation Act of 1993 is amended by striking "by the taxpayer" and inserting "by the taxpayer or a related person".

(l) AMENDMENT RELATED TO SECTION 13301.—Subparagraph (B) of section 1397B(d)(5) is amended by striking "preceding".

(m) CLERICAL AMENDMENTS.—

(1) Subsection (d) of section 39 is amended—

(A) by striking "45" in the heading of paragraph (5) and inserting "45A", and

(B) by striking "45" in the heading of paragraph (6) and inserting "45B".

(2) Subparagraph (A) of section 108(d)(9) is amended by striking "paragraph (3)(B)" and inserting "paragraph (3)(C)".

(3) Subparagraph (C) of section 143(d)(2) is amended by striking the period at the end thereof and inserting a comma.

(4) Clause (ii) of section 163(j)(6)(E) is amended by striking "which is a" and inserting "which is".

(5) Subparagraph (A) of section 1017(b)(4) is amended by striking "subsection (b)(2)(D)" and inserting "subsection (b)(2)(E)".

(6) So much of section 1245(a)(3) as precedes subparagraph (A) thereof is amended to read as follows:

"(3) SECTION 1245 PROPERTY.—For purposes of this section, the term 'section 1245 property' means any property which is or has been property of a character subject to the allowance for depreciation provided in section 167 and is either—".

(7) Paragraph (2) of section 1394(e) is amended—

(A) by striking "(i)" and inserting "(A)", and

(B) by striking "(ii)" and inserting "(B)".

(8) Subsection (m) of section 6501 (as redesignated by section 1602) is amended by striking "or 51(j)" and inserting "45B, or 51(j)".

(9)(A) The section 6714 added by section 13242(b)(1) of the Revenue Reconciliation Act of 1993 is hereby redesignated as section 6715.

(B) The table of sections for part I of subchapter B of chapter 68 is amended by striking "6714" in the item added by such section 13242(b)(2) of such Act and inserting "6715".

(10) Paragraph (2) of section 9502(b) is amended by inserting "and before" after "1982,".

(11) Subsection (a)(3) of section 13206 of the Revenue Reconciliation Act of 1993 is amended by striking "this section" and inserting "this subsection".

(12) Paragraph (1) of section 13215(c) of the Revenue Reconciliation Act of 1993 is amended by striking "Public Law 92–21" and inserting "Public Law 98–21".

(13) Paragraph (2) of section 13311(e) of the Revenue Reconciliation Act of 1993 is amended by striking "section 1393(a)(3)" and inserting "section 1393(a)(2)".

(14) Subparagraph (B) of section 117(d)(2) is amended by striking "section 132(f)" and inserting "section 132(h)".

(n) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Revenue Reconciliation Act of 1993 to which such amendment relates.

SEC. 1704. MISCELLANEOUS PROVISIONS.

(a) APPLICATION OF AMENDMENTS MADE BY TITLE XII OF OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—Except as otherwise expressly provided, whenever in title XII of the Omnibus Budget Reconciliation Act of 1990 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.

(b) TREATMENT OF CERTAIN AMOUNTS UNDER HEDGE BOND RULES.—

(1) Clause (iii) of section 149(g)(3)(B) is amended to read as follows:

"(iii) AMOUNTS HELD PENDING REINVESTMENT OR REDEMPTION.—Amounts held for not more than 30 days pending reinvestment or bond redemption shall be treated as invested in bonds described in clause (i)."

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 7651 of the Omnibus Budget Reconciliation Act of 1989.

(c) TREATMENT OF CERTAIN DISTRIBUTIONS UNDER SECTION 1445.—

(1) IN GENERAL.—Paragraph (3) of section 1445(e) is amended by adding at the end thereof the following new sentence: "Rules similar to the rules of the preceding provisions of this paragraph shall apply in the case of any distribution to which section 301 applies and which is not made out of the earnings and profits of such a domestic corporation."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to distributions after the date of the enactment of this Act.

(d) TREATMENT OF CERTAIN CREDITS UNDER SECTION 469.—

(1) IN GENERAL.—Subparagraph (B) of section 469(c)(3) is amended by adding at the end thereof the following new sentence: "If the preceding sentence applies to the net income from any property for any taxable year, any credits allowable under subpart B (other than section 27(a)) or D of part IV of subchapter A for such taxable year which are attributable to such property shall be treated as credits not from a passive activity to the extent the amount of such credits does not exceed the regular tax liability of the taxpayer for the taxable year which is allocable to such net income."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(e) TREATMENT OF DISPOSITIONS UNDER PASSIVE LOSS RULES.—

(1) IN GENERAL.—Subparagraph (A) of section 469(g)(1) is amended to read as follows:

"(A) IN GENERAL.—If all gain or loss realized on such disposition is recognized, the excess of—

"(i) any loss from such activity for such taxable year (determined after the application of subsection (b)), over

"(ii) any net income or gain for such taxable year from all other passive activities (determined after the application of subsection (b)),

shall be treated as a loss which is not from a passive activity."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(f) MISCELLANEOUS AMENDMENTS TO FOREIGN PROVISIONS.—

(1) COORDINATION OF UNIFIED ESTATE TAX CREDIT WITH TREATIES.—Subparagraph (A) of section 2102(c)(3) is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States."

(2) TREATMENT OF CERTAIN INTEREST PAID TO RELATED PERSON.—

(A) Subparagraph (B) of section 163(j)(1) is amended by inserting before the period at the end thereof the following: "(and clause (ii) of paragraph (2)(A) shall not apply for purposes of applying this subsection to the amount so treated)".

(B) Subsection (j) of section 163 is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

"(7) COORDINATION WITH PASSIVE LOSS RULES, ETC.—This subsection shall be applied before sections 465 and 469."

(C) The amendments made by this paragraph shall apply as if included in the amendments made by section 7210(a) of the Revenue Reconciliation Act of 1989.

(3) TREATMENT OF INTEREST ALLOCABLE TO EFFECTIVELY CONNECTED INCOME.—

(A) IN GENERAL.—

(i) Subparagraph (B) of section 884(f)(1) is amended by striking "to the extent" and all that follows down through "subparagraph (A)" and inserting "to the extent that the allocable interest exceeds the interest described in subparagraph (A)".

(ii) The second sentence of section 884(f)(1) is amended by striking "reasonably expected" and all that follows down through the period at the end thereof and inserting "reasonably expected to be allocable interest."

(iii) Paragraph (2) of section 884(f) is amended to read as follows:

"(2) ALLOCABLE INTEREST.—For purposes of this subsection, the term 'allocable interest' means any interest which is allocable to income which is effectively connected (or treated as effectively connected) with the conduct of a trade or business in the United States."

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect as if included in the amendments made by section 1241(a) of the Tax Reform Act of 1986.

(4) CLARIFICATION OF SOURCE RULE.—

(A) IN GENERAL.—Paragraph (2) of section 865(b) is amended by striking "863(b)" and inserting "863".

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect as if included in the amendments made by section 1211 of the Tax Reform Act of 1986.

(5) REPEAL OF OBSOLETE PROVISIONS.—

(A) Paragraph (1) of section 6038(a) is amended by striking ", and" at the end of subparagraph (E) and inserting a period, and by striking subparagraph (F).

(B) Subsection (b) of section 6038A is amended by adding "and" at the end of paragraph (2), by striking ", and" at the end of paragraph (3) and inserting a period, and by striking paragraph (4).

(g) TREATMENT OF ASSIGNMENT OF INTEREST IN CERTAIN BOND-FINANCED FACILITIES.—

(1) IN GENERAL.—Subparagraph (A) of section 1317(3) of the Tax Reform Act of 1986 is amended by adding at the end thereof the following new sentence: "A facility shall not fail to be treated as described in this subparagraph by reason of an assignment (or an agreement to an assignment) by the governmental unit on whose behalf the bonds are issued of any part of its interest in the property financed by such bonds to another governmental unit."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in such section 1317 on the date of the enactment of the Tax Reform Act of 1986.

(h) CLARIFICATION OF TREATMENT OF MEDICARE ENTITLEMENT UNDER COBRA PROVISIONS.—

(1) IN GENERAL.—

(A) Subclause (V) of section 4980B(f)(2)(B)(i) is amended to read as follows:

"(V) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in paragraph (3)(B) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this clause before the close of the 36-month period beginning on the date the covered employee became so entitled."

(B) Clause (v) of section 602(2)(A) of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"(v) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 603(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled."

(C) Clause (iv) of section 2202(2)(A) of the Public Health Service Act is amended to read as follows:

"(iv) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 2203(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled."

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years beginning after December 31, 1989.

(i) TREATMENT OF CERTAIN REMIC INCLUSIONS.—

(1) IN GENERAL.—Subsection (a) of section 860E is amended by adding at the end thereof the following new paragraph:

"(6) COORDINATION WITH MINIMUM TAX.—For purposes of part VI of subchapter A of this chapter—

"(A) the reference in section 55(b)(2) to taxable income shall be treated as a reference to taxable income determined without regard to this subsection,

"(B) the alternative minimum taxable income of any holder of a residual interest in a REMIC for any taxable year shall in no event be less than the excess inclusion for such taxable year, and

"(C) any excess inclusion shall be disregarded for purposes of computing the alternative tax net operating loss deduction.

The preceding sentence shall not apply to any organization to which section 593 applies, except to the extent provided in regulations prescribed by the Secretary under paragraph (2)."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 671 of the Tax Reform Act of 1986 unless the taxpayer elects to apply such amendment only to taxable years beginning after the date of the enactment of this Act.

(j) EXEMPTION FROM HARBOR MAINTENANCE TAX FOR CERTAIN PASSENGERS.—

(1) IN GENERAL.—Subparagraph (D) of section 4462(b)(1) (relating to special rule for Alaska, Hawaii, and possessions) is amended by inserting before the period the following: ", or passengers transported on United States flag vessels operating solely within the State waters of Alaska or Hawaii and adjacent international waters".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1402(a) of the Harbor Maintenance Revenue Act of 1986.

(k) AMENDMENTS RELATED TO REVENUE PROVISIONS OF ENERGY POLICY ACT OF 1992.—

(1) Effective with respect to taxable years beginning after December 31, 1990, subclause (II) of section 53(d)(1)(B)(iv) is amended to read as follows:

"(II) the adjusted net minimum tax for any taxable year is the amount of the net minimum tax for such year increased in the manner provided in clause (iii)."

(2) Subsection (g) of section 179A is redesignated as subsection (f).

(3) Subparagraph (E) of section 6724(d)(3) is amended by striking "section 6109(f)" and inserting "section 6109(h)".

(4)(A) Subsection (d) of section 30 is amended—

(i) by inserting "(determined without regard to subsection (b)(3))" before the period at the end of paragraph (1) thereof, and

(ii) by adding at the end thereof the following new paragraph:

"(4) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle."

(B) Subsection (m) of section 6501 (as redesignated by section 1602) is amended by striking "section 40(f)" and inserting "section 30(d)(4), 40(f)".

(5) Subclause (III) of section 501(c)(21)(D)(ii) is amended by striking "section 101(6)" and inserting "section 101(7)" and by striking "1752(6)" and inserting "1752(7)".

(6) Paragraph (1) of section 1917(b) of the Energy Policy Act of 1992 shall be applied as if "at a rate" appeared instead of "at the rate" in the material proposed to be stricken.

(7) Paragraph (2) of section 1921(b) of the Energy Policy Act of 1992 shall be applied as if a comma appeared after "(2)" in the material proposed to be stricken.

(8) Subsection (a) of section 1937 of the Energy Policy Act of 1992 shall be applied as if "Subpart B" appeared instead of "Subpart C".

(l) TREATMENT OF QUALIFIED FOOTBALL COACHES PLAN.—

(1) IN GENERAL.—Subparagraph (F) of section 3(37) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(37)(F)) is amended by redesignating clause (ii) as clause (iii) and by inserting after clause (i) the following new clause:

"(ii) For purposes of the Internal Revenue Code of 1986—

"(I) clause (i) shall apply, and

"(II) a qualified football coaches plan shall be treated as a multiemployer collectively bargained plan.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to years beginning after December 22, 1987.

(m) DETERMINATION OF UNRECOVERED INVESTMENT IN ANNUITY CONTRACT.—

(1) IN GENERAL.—Subparagraph (A) of section 72(b)(4) is amended by inserting "(determined without regard to subsection (c)(2))" after "contract".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1122(c) of the Tax Reform Act of 1986.

(n) MODIFICATIONS TO ELECTION TO INCLUDE CHILD'S INCOME ON PARENT'S RETURN.—

(1) ELIGIBILITY FOR ELECTION.—Clause (ii) of section 1(g)(7)(A) (relating to election to include certain unearned income of child on parent's return) is amended to read as follows:

"(ii) such gross income is more than the amount described in paragraph (4)(A)(ii)(I) and less than 10 times the amount so described,".

(2) COMPUTATION OF TAX.—Subparagraph (B) of section 1(g)(7) (relating to income included on parent's return) is amended—

(A) by striking "$1,000" in clause (i) and inserting "twice the amount described in paragraph (4)(A)(ii)(I)", and

(B) by amending subclause (II) of clause (ii) to read as follows:

"(II) for each such child, 15 percent of the lesser of the amount described in paragraph (4)(A)(ii)(I) or the excess of the gross income of such child over the amount so described, and".

(3) MINIMUM TAX.—Subparagraph (B) of section 59(j)(1) is amended by striking "$1,000" and inserting "twice the amount in effect for the taxable year under section 63(c)(5)(A)".

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(o) TREATMENT OF CERTAIN VETERANS' REEMPLOYMENT RIGHTS.—

(1) IN GENERAL.—Section 414 is amended by adding at the end the following new subsection:

"(u) SPECIAL RULES RELATING TO VETERANS' REEMPLOYMENT RIGHTS UNDER USERRA.—

"(1) TREATMENT OF CERTAIN CONTRIBUTIONS MADE PURSUANT TO VETERANS' REEMPLOYMENT RIGHTS.—If any contribution is made by an employer or an employee under an individual account plan with respect to an employee, or by an employee to a defined benefit plan that provides for employee contributions, and such contribution is required by reason of such employee's rights under chapter 43 of title 38, United States Code, resulting from qualified military service, then—

"(A) such contribution shall not be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, and shall not be taken into account in applying such limitations to other contributions or benefits under such plan or any other plan, with respect to the year in which the contribution is made,

"(B) such contribution shall be subject to the limitations referred to in subparagraph (A) with respect to the year to which the contribution relates (in accordance with rules prescribed by the Secretary), and

"(C) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k)(3), 408(k)(6), 408(p), 410(b), or 416 by reason of the making of (or the right to make) such contribution.

For purposes of the preceding sentence, any elective deferral or employee contribution made under paragraph (2) shall be treated as required by reason of the employee's rights under such chapter 43.

"(2) REEMPLOYMENT RIGHTS UNDER USERRA WITH RESPECT TO ELECTIVE DEFERRALS.—

"(A) IN GENERAL.—For purposes of this subchapter and section 457, if an employee is entitled to the benefits of chapter 43 of title 38, United States Code, with respect to any plan which provides for elective deferrals, the employer sponsoring the plan shall be treated as meeting the requirements of such chapter 43 with respect to such elective deferrals only if such employer—

"(i) permits such employee to make additional elective deferrals under such plan (in the amount determined under subparagraph (B) or such lesser amount as is elected by the employee) during the period which begins on the date of the reemployment of such employee with such employer and has the same length as the lesser of—

"(I) the product of 3 and the period of qualified military service which resulted in such rights, and

"(II) 5 years, and

"(ii) makes a matching contribution with respect to any additional elective deferral made pursuant to clause (i) which would have been required had such deferral actually been made during the period of such qualified military service.

"(B) AMOUNT OF MAKEUP REQUIRED.—The amount determined under this subparagraph with respect to any plan is the maximum amount of the elective deferrals that the individual would have been permitted to make under the plan in accordance with the limitations referred to in paragraph (1)(A) during the period of qualified military service if the individual had continued to be employed by the employer during such period and received compensation as determined under paragraph (7). Proper adjustment shall be made to the amount determined under the preceding sentence for any elective deferrals actually made during the period of such qualified military service.

"(C) ELECTIVE DEFERRAL.—For purposes of this paragraph, the term 'elective deferral' has the meaning given such term by section 402(g)(3); except that such term shall include any deferral of compensation under an eligible deferred compensation plan (as defined in section 457(b)).

"(D) AFTER-TAX EMPLOYEE CONTRIBUTIONS.—References in subparagraphs (A) and (B) to

elective deferrals shall be treated as including references to employee contributions.

"(3) CERTAIN RETROACTIVE ADJUSTMENTS NOT REQUIRED.—For purposes of this subchapter and subchapter E, no provision of chapter 43 of title 38, United States Code, shall be construed as requiring—

"(A) any crediting of earnings to an employee with respect to any contribution before such contribution is actually made, or

"(B) any allocation of any forfeiture with respect to the period of qualified military service.

"(4) LOAN REPAYMENT SUSPENSIONS PERMITTED.—If any plan suspends the obligation to repay any loan made to an employee from such plan for any part of any period during which such employee is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code), whether or not qualified military service, such suspension shall not be taken into account for purposes of section 72(p), 401(a), or 4975(d)(1).

"(5) QUALIFIED MILITARY SERVICE.—For purposes of this subsection, the term 'qualified military service' means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service.

"(6) INDIVIDUAL ACCOUNT PLAN.—For purposes of this subsection, the term 'individual account plan' means any defined contribution plan (including any tax-sheltered annuity plan under section 403(b), any simplified employee pension under section 408(k), any qualified salary reduction arrangement under section 408(p), and any eligible deferred compensation plan (as defined in section 457(b)).

"(7) COMPENSATION.—For purposes of sections 403(b)(3), 415(c)(3), and 457(e)(5), an employee who is in qualified military service shall be treated as receiving compensation from the employer during such period of qualified military service equal to—

"(A) the compensation the employee would have received during such period if the employee were not in qualified military service, determined based on the rate of pay the employee would have received from the employer but for absence during the period of qualified military service, or

"(B) if the compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the 12-month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

"(8) USERRA REQUIREMENTS FOR QUALIFIED RETIREMENT PLANS.—For purposes of this subchapter and section 457, an employer sponsoring a retirement plan shall be treated as meeting the requirements of chapter 43 of title 38, United States Code, only if each of the following requirements is met:

"(A) An individual reemployed under such chapter is treated with respect to such plan as not having incurred a break in service with the employer maintaining the plan by reason of such individual's period of qualified military service.

"(B) Each period of qualified military service served by an individual is, upon reemployment under such chapter, deemed with respect to such plan to constitute service with the employer maintaining the plan for the purpose of determining the nonforfeitability of the individual's accrued benefits under such plan and for the purpose of determining the accrual of benefits under such plan.

"(C) An individual reemployed under such chapter is entitled to accrued benefits that are contingent on the making of, or derived from, employee contributions or elective deferrals only to the extent the individual makes payment to the plan with respect to such contributions or deferrals. No such payment may exceed the amount the individual would have been permitted or required to contribute had the individual remained continuously employed by the employer throughout the period of qualified military service. Any payment to such plan shall be made during the period beginning with the date of reemployment and whose duration is 3 times the period of the qualified military service (but not greater than 5 years).

"(9) PLANS NOT SUBJECT TO TITLE 38.—This subsection shall not apply to any retirement plan to which chapter 43 of title 38, United States Code, does not apply.

"(10) REFERENCES.—For purposes of this section, any reference to chapter 43 of title 38, United States Code, shall be treated as a reference to such chapter as in effect on December 12, 1994 (without regard to any subsequent amendment)."

(2) EFFECTIVE DATE.—The amendment made by this subsection shall be effective as of December 12, 1994.

(p) REPORTING OF REAL ESTATE TRANSACTIONS.—

(1) IN GENERAL.—Paragraph (3) of section 6045(e) (relating to prohibition of separate charge for filing return) is amended by adding at the end the following new sentence: "Nothing in this paragraph shall be construed to prohibit the real estate reporting person from taking into account its cost of complying with such requirement in establishing its charge (other than a separate charge for complying with such requirement) to any customer for performing services in the case of a real estate transaction."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in section 1015(e)(2)(A) of the Technical and Miscellaneous Revenue Act of 1988.

(q) CLARIFICATION OF DENIAL OF DEDUCTION FOR STOCK REDEMPTION EXPENSES.

(1) IN GENERAL.—Paragraph (1) of section 162(k) is amended by striking "the redemption of its stock" and inserting "the reacquisition of its stock or of the stock of any related person (as defined in section 465(b)(3)(C))".

(2) CERTAIN DEDUCTIONS PERMITTED.—Subparagraph (A) of section 162(k)(2) is amended by striking "or" at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

"(ii) deduction for amounts which are properly allocable to indebtedness and amortized over the term of such indebtedness, or".

(3) CLERICAL AMENDMENT.—The subsection heading for subsection (k) of section 162 is amended by striking "REDEMPTION" and inserting "REACQUISITION".

(4) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to amounts paid or incurred after September 13, 1995, in taxable years ending after such date.

(B) PARAGRAPH (2).—The amendment made by paragraph (2) shall take effect as if included in the amendment made by section 613 of the Tax Reform Act of 1986.

(r) CLERICAL AMENDMENT TO SECTION 404.—

(1) IN GENERAL.—Paragraph (1) of section 404(j) is amended by striking "(10)" and inserting "(9)".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 713(d)(4)(A) of the Deficit Reduction Act of 1984.

(s) PASSIVE INCOME NOT TO INCLUDE FSC INCOME, ETC.—

(1) IN GENERAL.—Paragraph (2) of section 1296(b) is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or", and by inserting after subparagraph (C) the following new subparagraph:

"(D) which is foreign trade income of a FSC or export trade income of an export trade corporation (as defined in section 971)."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1235 of the Tax Reform Act of 1986.

(t) MISCELLANEOUS CLERICAL AMENDMENTS.—

(1) Subclause (II) of section 56(g)(4)(C)(ii) is amended by striking "of the subclause" and inserting "of subclause".

(2) Paragraph (2) of section 72(m) is amended by inserting "and" at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(3) Paragraph (2) of section 86(b) is amended by striking "adusted" and inserting "adjusted".

(4)(A) The heading for section 112 is amended by striking "COMBAT PAY" and inserting "COMBAT ZONE COMPENSATION".

(B) The item relating to section 112 in the table of sections for part III of subchapter B of chapter 1 is amended by striking "combat pay" and inserting "combat zone compensation".

(C) Paragraph (1) of section 3401(a) is amended by striking "combat pay" and inserting "combat zone compensation".

(5) Clause (i) of section 172(h)(3)(B) is amended by striking the comma at the end thereof and inserting a period.

(6) Clause (ii) of section 543(a)(2)(B) is amended by striking "section 563(c)" and inserting "section 563(d)".

(7) Paragraph (1) of section 958(a) is amended by striking "sections 955(b)(1) (A) and (B), 955(c)(2)(A)(ii), and 960(a)(1)" and inserting "section 960(a)(1)".

(8) Subsection (g) of section 642 is amended by striking "under 2621(a)(2)" and inserting "under section 2621(a)(2)".

(9) Section 1463 is amended by striking "this subsection" and inserting "this section".

(10) Subsection (k) of section 3306 is amended by inserting a period at the end thereof.

(11) The item relating to section 4472 in the table of sections for subchapter B of chapter 36 is amended by striking "and special rules".

(12) Paragraph (3) of section 5134(c) is amended by striking "section 6662(a)" and inserting "section 6665(a)".

(13) Paragraph (2) of section 5206(f) is amended by striking "section 5(e)" and inserting "section 105(e)".

(14) Paragraph (1) of section 6050B(c) is amended by striking "section 85(c)" and inserting "section 85(b)".

(15) Subsection (k) of section 6166 is amended by striking paragraph (6).

(16) Subsection (e) of section 6214 is amended to read as follows:

"(e) CROSS REFERENCE.—

"For provision giving Tax Court jurisdiction to order a refund of an overpayment and to award sanctions, see section 6512(b)(2)."

(17) The section heading for section 6043 is amended by striking the semicolon and inserting a comma.

(18) The item relating to section 6043 in the table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking the semicolon and inserting a comma.

(19) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6662.

(20)(A) Section 7232 is amended—

*(i) by striking "**LUBRICATING OIL**," in the heading, and*

(ii) by striking "lubricating oil," in the text.

(B) The table of sections for part II of subchapter A of chapter 75 is amended by striking

"lubricating oil," in the item relating to section 7232.

(21) Paragraph (1) of section 6701(a) of the Omnibus Budget Reconciliation Act of 1989 is amended by striking "subclause (IV)" and inserting "subclause (V)".

(22) Clause (ii) of section 7304(a)(2)(D) of such Act is amended by striking "subsection (c)(2)" and inserting "subsection (c)".

(23) Paragraph (1) of section 7646(b) of such Act is amended by striking "section 6050H(b)(1)" and inserting "section 6050H(b)(2)".

(24) Paragraph (10) of section 7721(c) of such Act is amended by striking "section 6662(b)(2)(C)(ii)" and inserting "section 6661(b)(2)(C)(ii)".

(25) Subparagraph (A) of section 7811(i)(3) of such Act is amended by inserting "the first place it appears" before "in clause (i)".

(26) Paragraph (10) of section 7841(d) of such Act is amended by striking "section 381(a)" and inserting "section 381(c)".

(27) Paragraph (2) of section 7861(c) of such Act is amended by inserting "the second place it appears" before "and inserting".

(28) Paragraph (1) of section 460(b) is amended by striking "the look-back method of paragraph (3)" and inserting "the look-back method of paragraph (2)".

(29) Subparagraph (C) of section 50(a)(2) is amended by striking "subsection (c)(4)" and inserting "subsection (d)(5)".

(30) Subparagraph (B) of section 172(h)(4) is amended by striking the material following the heading and preceding clause (i) and inserting "For purposes of subsection (b)(2)—".

(31) Subparagraph (A) of section 355(d)(7) is amended by inserting "section" before "267(b)".

(32) Subparagraph (C) of section 420(e)(1) is amended by striking "mean" and inserting "means".

(33) Paragraph (4) of section 537(b) is amended by striking "section 172(i)" and inserting "section 172(f)".

(34) Subparagraph (B) of section 613(e)(1) is amended by striking the comma at the end thereof and inserting a period.

(35) Paragraph (4) of section 856(a) is amended by striking "section 582(c)(5)" and inserting "section 582(c)(2)".

(36) Sections 904(f)(2)(B)(i) and 907(c)(4)(B)(iii) are each amended by inserting "(as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)" after "section 172(h)".

(37) Subsection (b) of section 936 is amended by striking "subparagraphs (D)(ii)(I)" and inserting "subparagraphs (D)(ii)".

(38) Subsection (c) of section 2104 is amended by striking "subparagraph (A), (C), or (D) of section 861(a)(1)" and inserting "section 861(a)(1)(A)".

(39) Subparagraph (A) of section 280A(c)(1) is amended to read as follows:

"(A) as the principal place of business for any trade or business of the taxpayer,".

(40) Section 6038 is amended by redesignating the subsection relating to cross references as subsection (f).

(41) Clause (iv) of section 6103(e)(1)(A) is amended by striking all that follows "provisions of" and inserting "section 1(g) or 59(j);".

(42) The subsection (f) of section 6109 of the Internal Revenue Code of 1986 which was added by section 2201(d) of Public Law 101–624 is redesignated as subsection (g).

(43) Subsection (b) of section 7454 is amended by striking "section 4955(e)(2)" and inserting "section 4955(f)(2)".

(44) Subsection (d) of section 11231 of the Revenue Reconciliation Act of 1990 shall be applied as if "comma" appeared instead of "period" and as if the paragraph (9) proposed to be added ended with a comma.

(45) Paragraph (1) of section 11303(b) of the Revenue Reconciliation Act of 1990 shall be applied as if "paragraph" appeared instead of "subparagraph" in the material proposed to be stricken.

(46) Subsection (f) of section 11701 of the Revenue Reconciliation Act of 1990 is amended by inserting "(relating to definitions)" after "section 6038(e)".

(47) Subsection (i) of section 11701 of the Revenue Reconciliation Act of 1990 shall be applied as if "subsection" appeared instead of "section" in the material proposed to be stricken.

(48) Subparagraph (B) of section 11801(c)(2) of the Revenue Reconciliation Act of 1990 shall be applied as if "section 56(g)" appeared instead of "section 59(g)".

(49) Subparagraph (C) of section 11801(c)(8) of the Revenue Reconciliation Act of 1990 shall be applied as if "reorganizations" appeared instead of "reorganization" in the material proposed to be stricken.

(50) Subparagraph (H) of section 11801(c)(9) of the Revenue Reconciliation Act of 1990 shall be applied as if "section 1042(c)(1)(B)" appeared instead of "section 1042(c)(2)(B)".

(51) Subparagraph (F) of section 11801(c)(12) of the Revenue Reconciliation Act of 1990 shall be applied as if "and (3)" appeared instead of "and (E)".

(52) Subparagraph (A) of section 11801(c)(22) of the Revenue Reconciliation Act of 1990 shall be applied as if "chapters 21" appeared instead of "chapter 21" in the material proposed to be stricken.

(53) Paragraph (3) of section 11812(b) of the Revenue Reconciliation Act of 1990 shall be applied by not executing the amendment therein to the heading of section 42(d)(5)(B).

(54) Clause (i) of section 11813(b)(9)(A) of the Revenue Reconciliation Act of 1990 shall be applied as if a comma appeared after "(3)(A)(ix)" in the material proposed to be stricken.

(55) Subparagraph (F) of section 11813(b)(13) of the Revenue Reconciliation Act of 1990 shall be applied as if "tax" appeared after "investment" in the material proposed to be stricken.

(56) Paragraph (19) of section 11813(b) of the Revenue Reconciliation Act of 1990 shall be applied as if "Paragraph (20) of section 1016(a), as redesignated by section 11801," appeared instead of "Paragraph (21) of section 1016(a)".

(57) Paragraph (5) section 8002(a) of the Surface Transportation Revenue Act of 1991 shall be applied as if "4481(e)" appeared instead of "4481(c)".

(58) Section 7872 is amended—

(A) by striking "foregone" each place it appears in subsections (a) and (e)(2) and inserting "forgone", and

(B) by striking "FOREGONE" in the heading for subsection (e) and the heading for paragraph (2) of subsection (e) and inserting "FORGONE".

(59) Paragraph (7) of section 7611(h) is amended by striking "approporiate" and inserting "appropriate".

(60) The heading of paragraph (3) of section 419A(c) is amended by striking "SEVERENCE" and inserting "SEVERANCE".

(61) Clause (ii) of section 807(d)(3)(B) is amended by striking "Commissoners' " and inserting "Commissioners' ".

(62) Subparagraph (B) of section 1274A(c)(1) is amended by striking "instument" and inserting "instrument".

(63) Subparagraph (B) of section 724(d)(3) by striking "Subparagaph" and inserting "Subparagraph".

(64) The last sentence of paragraph (2) of section 42(c) is amended by striking "of 1988".

(65) Paragraph (1) of section 9707(d) is amended by striking "diligence," and inserting "diligence".

(66) Subsection (c) of section 4977 is amended by striking "section 132(i)(2)" and inserting "section 132(h)".

(67) The last sentence of section 401(a)(20) is amended by striking "section 211" and inserting "section 521".

(68) Subparagraph (A) of section 402(g)(3) is amended by striking "subsection (a)(8)" and inserting "subsection (e)(3)".

(69) The last sentence of section 403(b)(10) is amended by striking "an direct" and inserting "a direct".

(70) Subparagraph (A) of section 4973(b)(1) is amended by striking "sections 402(c)" and inserting "section 402(c)".

(71) Paragraph (12) of section 3405(e) is amended by striking "(b)(3)" and inserting "(b)(2)".

(72) Paragraph (41) of section 521(b) of the Unemployment Compensation Amendments of 1992 shall be applied as if "section" appeared instead of "sections" in the material proposed to be stricken.

(73) Paragraph (27) of section 521(b) of the Unemployment Compensation Amendments of 1992 shall be applied as if "Section 691(c)(5)" appeared instead of "Section 691(c)".

(74) Paragraph (5) of section 860F(a) is amended by striking "paragraph (1)" and inserting "paragraph (2)".

(75) Paragraph (1) of section 415(k) is amended by adding "or" at the end of subparagraph (C), by striking subparagraphs (D) and (E), and by redesignating subparagraph (F) as subparagraph (D).

(76) Paragraph (2) of section 404(a) is amended by striking "(18),".

(77) Clause (ii) of section 72(p)(4)(A) is amended to read as follows:

"(ii) SPECIAL RULE.—The term 'qualified employer plan' shall not include any plan which was (or was determined to be) a qualified employer plan or a government plan."

(78) Sections 461(i)(3)(C) and 1274(b)(3)(B)(i) are each amended by striking "section 6662(d)(2)(C)(ii)" and inserting "section 6662(d)(2)(C)(iii)".

(79) Subsection (a) of section 164 is amended by striking the paragraphs relating to the generation-skipping tax and the environmental tax imposed by section 59A and by inserting after paragraph (3) the following new paragraphs:

"(4) The GST tax imposed on income distributions.

"(5) The environmental tax imposed by section 59A."

(u) CERTAIN PROPERTY NOT TREATED AS SECTION 179 PROPERTY.—

(1) IN GENERAL.—Paragraph (1) of section 179(d) is amended by adding at the end thereof the following new sentence: "Such term shall not include any property described in section 50(b) and shall not include air conditioning or heating units and horses."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to property placed in service after May 14, 1996.

The SPEAKER pro tempore. Under the rule, the gentleman from Texas [Mr. ARCHER] and the gentleman from Florida [Mr. GIBBONS] each will control 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

□ 1845

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 3448.

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

There was no objection.

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

Mr. Speaker, millions of Americans worry about their ability to retire with security and comfort.

Some worry because their employer is unable to provide them with a benefit and pensions. Others worry about whether their existing pensions will be there for them when they retire.

The bill that we pass in the House today will come as a blessing for all of these Americans. This bill will make it easier for people to get pensions and it will protect the pensions of those who already have them.

These Republican pension reforms should provide relief and comfort for countless middle-income Americans struggling to make ends meet.

Republicans recognize that the middle-class crunch is real and these reforms are designed to help people make more and save more.

Our bill contains more than two dozen specific pension reforms.

Thirty-six million Americans work for small businesses that can't afford to provide pensions to their employees. These 36 million people will benefit from our simple plan. This plan allows small businesses tax favored treatment when they establish pension plans for their workers.

Two million Americans who work for tax-exempt organizations will, for the first time, be eligible to sign up for 401(k) savings plans.

And in what is called the Orange County provision, 16 million people who work for State and local governments will no longer have to fear losing their pensions in the event of a bankruptcy. Our section 457 trust reforms protect their retirement savings from creditors.

In addition to pension reforms, the bill we pass today includes seven other items that will help small businesses and their workers. They include creation of the work opportunity tax credit designed to encourage the hiring of hard-to-place works, and an increase in expensing for small businesses to help the Nation's job creators grow and create more jobs. I note that this item was part of our Contract With America.

We change S corporation laws to make it easier for families to maintain their enterprises and we extend a popular tax provision that allows employers to provide their workers with educational assistance on a tax favored basis.

All these changes will give small businesses and their workers a helping hand as they wrestle with the middle-class crunch. Although President Clinton vetoed them once before, I am confident he will now sign these Republican reforms.

One final note. This isn't all we've done on pension reforms and we are about to do even more. Last year, we passed expanded individual retirement accounts; IRA's for homemakers; we created a new American dream savings account that can be used for education, first-time home purchases, and extraordinary medical expenses.

President Clinton vetoed all these measures, but we're going to pass them again and this time we hope he'll support them.

I am delighted these initiatives are passing in the House today and I look forward to them becoming law.

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

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

Mr. Speaker, I am going to yield to the gentleman from Puerto Rico [Mr. ROMERO-BARCELÓ]. The gentleman from Puerto Rico [Mr. ROMERO-BARCELÓ] represents the millions of Americans, the millions of Americans, who are disenfranchised because they happen to live in Puerto Rico. He is a distinguished Member of Congress, and he deserves our rapt attention. He is the former Governor of Puerto Rico, and a great part of this bill affects the lives of the people of Puerto Rico. So I hope all Member will pay rapt attention to his words.

Mr. Speaker, I yield 4 minutes to the gentleman from Puerto Rico [Mr. ROMERO-BARCELÓ].

Mr. ROMERO-BARCELÓ. Mr. Speaker, I thank the gentleman from Florida for yielding me time.

Mr. Speaker, the differences between democracy and totalitarianism is that in totalitarianism the end justifies the means. In a democracy the means are at least as important as the end, if not more important.

This act has a good purpose, to provide businesses, small businesses, with tax breaks. We are all for that. But how does it go about providing small businesses with tax breaks?

It collects revenues from Puerto Rico. Tax revenues that up to now have not been collected, to the tune of $4.8 billion, which is more than half of the tax cuts that are going to be provided for the small businesses in eight years.

Now, this funding, this money that is being collected from Puerto Rico, is not being turned back to Puerto Rico at all. Puerto Rico, which is the poorest jurisdiction in the Nation, Puerto Rico has the lowest per capita income than the State with the lowest per capital income, which is Mississippi, we have less than half the per capita income, we have more than double the unemployment of the Nation, and the tax cuts that were being given to Puerto Rico and the other territories is for the purpose of promoting jobs.

Now, is it fair for the poorest jurisdiction in the Nation to subsidize the tax cuts for small businesses in 50 States of the Nation? I submit, Mr. Speaker, that that is grossly unfair. That is something that should not be allowed.

But I have no vote. I represent 3.8 million U.S. citizens, six times more than the average here in the House, but I am not allowed to vote. I am disenfranchised. We are all disenfranchised. But we are not merely resident aliens, we are U.S. citizens, and have been since 1917.

Mr. Speaker, what do we say to the children of men who have given their lives in defense of the Nation? That here, when we need to have tax cuts for small businesses, we cannot find it anywhere else, but we go to Puerto Rico and grab $4.8 billion in 8 years to subsidize these tax cuts? And I have not been given an opportunity even to submit an amendment here on the floor?

I was not given an opportunity to really participate in anything, any of the discussions in the Committee on Ways and Means. Mr. Speaker, I have been probably the most critical person of the tax breaks based on income, the tax credit based on income, the so-called section 936. But we are proposing a substitute, that we have tax credits based on salaries, on wages. And this has been supported by some of the speakers here today when they were discussing the rule, by some of the Republicans when they were discussing the rule. That is what we proposed as a substitute.

Why try to save the companies or give them a 10-year holiday, the ones that earn the most money in Puerto Rico, the ones that receive the most profits, the most benefits, give them a 10-year holiday for now, but it does not produce a single new job, when we could be taxing them, but at the same time providing for tax credits based on wages, which would stimulate further investment to create more jobs, and the revenues obtained in Puerto Rico; that we listen to what the President is proposing and what we have proposed, that because the people of Puerto Rico do not have the same safety net that at least in health care, at least in health care, this money be used to make Puerto Rico whole in health care.

We get less than 10 percent of what we would get in Medicaid for health care in Puerto Rico if we were treated as a State. Now, if any State in the Nation had to pay over 90 percent of their Medicaid costs now, they would be broke. And here we are not being given anything out of this revenue for Medicaid.

Mr. Speaker, I submit that this bill should be reviewed and that this should not be approved today.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from new York [Mr. HOUGHTON], a respected member of the Committee on Ways and Means.

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

Mr. Speaker, I am here to support not only the minimum wage bill, but also the work opportunity tax credit. I would first like to say a word about the gentleman from Buffalo, NY, Mr. JACK QUINN, because he has been a leading light and real pusher of this thing from way back, and I also would like to thank the gentleman from Pennsylvania, Mr. PHIL ENGLISH, for what he has done and the gentleman from Kansas, Mr. PAT ROBERTS, for his work on the work opportunity tax credit, and also my friend the gentleman from New York, Mr. CHARLIE RANGEL, over here.

This is a plain sense bill. It is part of the tax package. I would like to focus just the few seconds I have on the work opportunity tax credit.

This is something, really, which makes sense, not only for the people who are to be hired, but also for the businesses. For the businesses, what it does is help those businesses that are going to be having an increase in the minimum wage to absorb the cost. As a matter of fact, if you hire an individual, the arithmetic works out that you, in terms of the total 2-year period which you will be hiring this individual and having him work in your establishment, that the cost will be less than the minimum wage is now because of the incentive which the Government gives.

So it is a real incentive for businesses. On the other hand, of course, what it does is take those needy people, who are working off welfare or getting off of food stamps or getting off a whole variety of things, to come into the work force. Now, this is not a perfect bill, and with any bill like this, it will be changed and adopted over the years. But it makes a great deal of sense.

So, Mr. Speaker, with the minimum wage, combined with the work opportunity tax credit, I think we have a winnable combination. I thank you very much for letting me express myself.

□ 1900

Mr. GIBBONS. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, I think this is going to be an historic vote. The Republicans have been forced to bring to the floor a minimum wage bill so they had to put some sweetness in there, of course, for small employers, where they get a few tax breaks, and, hopefully, we would have a good sweetener.

But when we see how they are going to pay for this it is almost like those old enough to remember when we had to take castor oil. They used to mix it with the orange juice. Well, we have got the orange juice with the watered down minimum wage bill, but the castor oil is how do we pay for it?

I would guess that, following Republican logic, we will pay for it by going to the poorest people with the weakest political posture and, if we can find any Americans that cannot vote, then hit them where it hurts.

We get $4.8 billion over the next couple of years, not in grants for health care or for housing, but in order to create jobs. And, again, it gives it to the corporations to encourage them to invest there. Some people say it is too much for the corporations. Some people say it is too expensive of a project. Well, they might be right. But if we are going to take 3.8 million Americans, and every time there is a war we call upon them to get in a suit and go over to fight for the United States of America; if we are going to take 3.8 million Americans who stand up to the United Nations and say we are no colony, the United States is no imperialistic nation, we are citizens of the United States, but we decide for sweetness for those on the mainland that we are going to whack it to them.

Well, listen, if they have the votes, they should do it. I understand that. But should they not do it with hearings? Have we reached a point that we are dealing with tax bills that the tax committee does not even look at it; we just get it? Has it reached the point that we do not have hearings anymore? Have we fallen so much in common decency that we do not ask the duly elected representative from the 4 million people what he thinks?

They have a Governor. I do not know what people think about him, but he has the responsibility for the health, for the welfare, for the economy. Do we say to him, "What would you like to do; do you have a substitute?" Or do we just take away $4 billion because we have the power to do it?

I tell my colleagues one thing, I am not here to defend 936. Whatever the economists and the people in Puerto Rico think is good to encourage jobs for them, good. But I notice one thing, especially when the chairman of the committee says, "Oh, Charlie, I know you like 936 companies." Oh, no, the chairman likes 936 companies, because in this bill the only people that are protected are not the people of Puerto Rico but the American companies that are in Puerto Rico. They get 10 years to get their money out. But there is nothing there to encourage one nickel of investment, as these companies now have 10 years to look at other parts of the Caribbean or Ireland or any low-wage based country.

So what we have said now is that we cannot find enough poor on the mainland to beat up on. We have already hit them when we talked about the earned income tax credit. If we are talking about housing for the poor, we put a damper on the low-income housing credit. We have done everything we could, but somebody said we have some poorer Americans in Puerto Rico, hit them, and that is exactly what the Republicans have done.

All I can say is, Mr. President, wherever you are, do not sign this bill.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. ENGLISH], another valued member of the Committees on Ways and Means.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise in strong support of H.R. 3448, the Small Business Job Protection Act, strong legislation to help small business and to help American workers.

Mr. Speaker, this bipartisan bill would enact several key tax incentives critical to working students, critical to trainees with limited skills, and critical to small businesses that are the most dynamic sector of the American economy.

Mr. Speaker, this bill encourages investment in jobs by cash-starved small economies, small businesses. H.R. 3448 will increase the limit on the amount of equipment that a small business can expense from the current level of $17,500 to $25,000. This will allow small companies to grow and to create more jobs.

This bill encourages the hiring of low-skilled workers through the work opportunity tax credit, a critical initiative to bring more people out of the welfare system and into the work force.

This bill encourages critical investment in worker training through a tax break for employer-provided undergraduate tuition, that, unfortunately, the last Congress had allowed to expire.

This legislation increases access to pension benefits for workers through pension reform and pension simplification.

Mr. Speaker, all of these provisions passed the Committee on Ways and Means with strong bipartisan support. I invite my colleagues on both sides of the aisle to support our workers by giving employers the tools to create and improve jobs by voting "yes" on H.R. 3448.

Mr. GIBBONS. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, I rise to talk about this bill that is before us this evening, and I have to say that it has some very excellent provisions in it. Having said that, I must admit that one of the reasons that I say that is that it contains one of the things that I have worked on for years, and I thank Chairman ARCHER for including it in the bill.

This reduces the vesting period for multiemployer pension plans from 10 years to 5 years. What that means is that 1 million people will receive a

well-deserved pension when and if the President signs this bill.

This bill also extends employer-provided educational assistance through December 31, 1996. This is so important to workers who want to maintain their competitiveness in an ever changing world.

I do wish, and I almost cannot understand why if we put in the additional continuation of the educational assistance, that we did not do it for graduate school. If we are really serious about competing in a world economy, we certainly have to continue our education. As we know, people have job after job throughout their careers, and I just wish this could be reconsidered and we would have that deduction for our graduate education.

But I look at another thing in this bill and I see it has very good increases on the limitation on expensing to $25,000 in the year 2003. Many people in this body will remember when in 1993 we increased, when I say we, I say the Clinton administration and the majority at that time, took the expensing limit from $10,000 to $17,500. Now we are going to take it up to an additional amount.

But there are disappointments in this bill and I remain deeply concerned about one of them, and that is one that the delegate from Puerto Rico just spoke about, and that is section 936. Section 936 has played a critical role in the economic development of Puerto Rico and has certainly provided good jobs in Puerto Rico so people could work and take care of themselves and their families.

What happens in this bill is that the 936 is phased out. There has been discussion about that over the years, but having phased it out, it is not replaced with anything that addresses the economic needs of Puerto Rico.

I am also disappointed that this legislation does not include other extenders such as the R&D, the research and development credit in particular. Once again, how will we compete in an international world if we do not do what we do best, research?

But the most profound disappointment concerns the fact that even as we consider this very important legislation to provide assistance to small businesses, we will have an amendment before us, as this process continues, of stripping away one of the most important protections relied on by workers and many of these businesses, and that is the minimum wage.

The amendment that is going to come before us is an effort to roll back the minimum wage coverage for as many as 10 million individuals employed by small businesses. This amendment should not pass.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. PORTMAN], another valued member of the Committee on Ways and Means; a gentleman who, through his efforts, has made a major contribution to the pension provisions that are in this bill. He has almost singlehandedly created those provisions, and so I am proud to yield to him.

Mr. PORTMAN. Mr. Speaker, I thank the chairman for those words, and I will return the compliment. We would not have the small business package on the floor if not for his support of it, and I think if we can make these changes, we will see immediate benefits to small business America and to the jobs they create. After all, that is what this is all about.

Mr. Speaker, last year the gentleman from Maryland, Mr. BEN CARDIN, and I introduced legislation to simplify the pension system in this country. It was in the Balanced Budget Act that was vetoed by the President. It is a common sense approach. There is strong bipartisan support for it.

The idea is to make it just a lot easier for companies to offer a pension plan, particularly smaller businesses. The current system cries out for reform because of its cost and complexity.

Let me give my colleagues a statistic. Only 20 percent of businesses with less than 25 employees offer any kind of pension plan today, any kind of profit sharing plan, 401(k), or any other pension system.

I think there are three main reasons this pension reform is long overdue.

First, it will help the savings rate, by which economists will tell us it will help productivity and result in more jobs in this country. We now have the lowest savings rate of all the industrialized worlds and it is hurting us. It gives us a competitive disadvantage.

Second, I think we need to do all we can to encourage private savings in this country for retirement. The reason for that is we need to backstop our Social Security System. The American people are way ahead of us on this. They understand that Social Security is at risk and we need to encourage private savings so it will be there, particularly when the baby boom generation begins to retire.

Third, and most important, this provision is going to help American workers, the workers who are caught in the wage and benefits squeeze, because this makes more generous a very important fringe benefit, and that is the pension benefit. That is the most important part of this.

It is a win-win situation. It is overdue, something we should have done already, and I am very pleased it is part of this legislation.

Let us simplify our retirement security system in this country. Let us do this for our workers. Let us enable more working Americans to save and let us increase retirement security.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume in order to expand my compliments to include the gentleman from Maryland, [Mr. CARDIN], who also has made a major contribution to these pension simplification provisions of this bill.

It has been bipartisan, and I would say to the Speaker that when this bill passed out of our committee in its entirety, there were only three negative votes against it. So it is truly a bipartisan bill.

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

Mr. GIBBONS. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland, [Mr. CARDIN,] who I am proud to say has made mammoth contributions to this pension plan we are talking about now.

Mr. CARDIN. Mr. Speaker, I thank my friend from Florida for yielding me this time, and compliment my colleague, the gentleman from Ohio [Mr. PORTMAN], for the work that he has done in the pension area, and I thank the chairman of the committee, the gentleman from Texas [Mr. ARCHER] for his comments.

It has clearly been a bipartisan effort on the pension simplification, and the gentleman from Ohio [Mr. PORTMAN] has done a great job this year in bringing this bill to the floor for the second time. I hope we are going to be able to get these pension simplifications enacted.

We have moved many of the provisions in this bill on previous occasions. We have broad support both in this House, the other body, the Clinton administration, and the public for many provisions that are in this bill.

We have seen most of these provisions included in the pension simplification in 1992 as passed by a Democratic Congress. It was vetoed by a Republican President for unrelated reasons. The provisions were passed again in 1995 by a Republican Congress and vetoed by a Democratic President for unrelated reasons. So I hope the third time is the charm and we will get this bill passed and signed into law, because it contains many important provisions for people in this Nation.

We have already heard some of those reasons. We are restoring the exclusion for employer-provided education assistance. That is long overdue and good news many hundreds of thousands of Americans.

Thousands more Americans will welcome the newly configured work opportunity tax credit, which will help businesses hire people and give them a chance to learn new skills.

□ 1915

The reform in subchapter S, very important for American small businesses that will help them accumulate capital and prosper and raise the necessary funds in order to grow in our economy. And the expensing of capital from $17,500 to $25,000 for small business is a

continuation of a process that we started in 1993 tax legislation.

But as the gentleman from Ohio [Mr. PORTMAN] has pointed out, the provision I guess I am the most pleased to see us move forward is the pension simplification. All too frequently in the last 15 years in the name of simplification and reform, we made it impossible for many small businesses to have pension plans. The complicated test that Government required small businesses to go through prevented many small businesses financially from being able to offer pension plans.

What this bill will do, by offering new opportunities and safe harbor provisions, will allow small companies to in fact have pension plans to provide for the future of their workers. I am extremely pleased that those provisions are included in this bill, and I trust that we will be able to get this to the President's desk in a form that it can be signed.

Mr. Speaker, let me point out, when we work together, Democrats and Republicans, to craft legislation, it is in the best interest of the American people. I hope what we are doing tonight in this legislation we can do in many more bills throughout the year, work together on behalf of the American people.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. CAMP], another valued member of the Committee on Ways and Means.

Mr. CAMP. Mr. Speaker, I thank the chairman for yielding me the time.

Mr. Speaker, a cornerstone of our Nation is education. A small investment in education can reap tremendous rewards. The United States is the world's greatest Nation, and we owe this success in large part to the commitment we have made to learning.

Today the Congress affirms its commitment to education. The bill before us today continues favorable tax treatment when employers pay for employee education. Employers benefit from this education tax assistance through access to a better educated and more productive work force.

Employees benefit from this provision by enhancing their education and expanding their opportunities. By promoting education, we ensure the United States maintains the most educated and productive work force in the world.

As an original cosponsor of this proposal, I am pleased it was included in the bill. It preserves our tradition of excellence and affirms our commitment to education and to lifelong learning.

I urge my colleagues to support America's students and vote in favor of this bill.

Mr. GIBBONS. Mr. Speaker, I yield 3 minutes and 30 seconds to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Speaker, this evening we are debating the Small Business Job Protection Act. The basic provisions of this bill are good measures which would help small businesses. Most of the provisions in the bill are bipartisan. The reason we are debating this bill today is to provide a sweetener to small businesses because of the minimum wage. I have no problem with passing tax legislation to assist them, but I think we should have had the opportunity for a clean minimum wage bill.

During this Congress, we have not passed much tax legislation and there are many noncontroversial provisions where there is bipartisan agreement that should have been included in this package. Last night, I went to the Committee on Rules to testify about an amendment which I offered during the Ways and Means markup. This amendment would have allowed a $5,000 deduction for expenses associated with the higher costs of education. The deduction would be phased out for taxpayers with modified adjusted gross income [AGI] between $70,000 and $90,000 for single filers and $100,000 and $120,000 for joint returns.

This amendment proposed originally by President Clinton would help with the high rising costs of education. The costs of a college education have risen steadily in the past 15 years. However, the average family's income has not increased at the same rate. I realize the purpose of this legislation is to assist small businesses. Our business will be greatly assisted by this type of provision. The need for higher education is more important than ever. The world economy mandates the necessity of education and training for workers.

This provision assists 14 million families and this results in 17 million students. We should have used this opportunity today to help the middle class with the rising costs of tuition. The bill is weak on education. Under the bill, the provision to provide tax-free employer-provided educational assistance would be extended from January 1, 1995, through December 31, 1996. However, educational expenses for graduate studies would not receive the exclusion after December 31, 1995. As a former college instructor, I taught many students in continuing education programs. These students worked hard to increase knowledge and greatly benefited their employer.

I am pleased the legislation included pension simplification provisions. Pension security is an extremely important issue. I wish this bill included additional provisions which would assist with pension portability. We have to make it easier for workers to keep their pension when they change jobs. Additional provisions could have been added to make pension more portable. True pension reform needs to include the expansion of Individual Retirement Accounts [IRA's]. Expanded IRA's will allow an additional 20 million families to utilize the tax advantages of IRA's. More individuals would benefit from a tax incentive to save for their retirement. Expanded IRA's would encourage individuals to become more personally responsible for their savings. IRA's would make pensions easier for employers.

This bill contains a provision which affects the economy of Puerto Rico. I am concerned with the changes to section 936 and I encourage Congress to continue to work with the Governor of Puerto Rico and the administration to improve this provision.

I support this bill, but I wish it could have been a better product. We need to work in a bipartisan manner to enact the proposals that we can agree on such as education, IRA's, and the R&D tax credit.

Let me close by saying, Mr. Speaker, I want to thank Mr. ARCHER this evening for addressing an issue that has been long held for the community of New Bedford, MA. I want to thank the chairman for the manner in which he addressed that legislation and helped to secure its passage. It was long overdue. And while I wish we could have spoken to education, IRA's, and the R&D tax credit, I am indeed grateful that we were able to address the needs of the New Bedford fishermen.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Speaker, as a member of the Committee on the Budget, we were looking at getting at some of the what I would call the corporate loopholes, the corporate write-offs, and I just find it somewhat disingenuous that when we attempt to do that, then we are being accused of hurting the poor.

The bottom line is we have a special provision to big businesses in Puerto Rico who admittedly are there working to employ people, but in some cases, the write-off is $100,000, $200,000 benefit per job for some of these very large corporations. These large corporations, some of them are in my district, they benefit from it. But we are saving basically $4.9 billion over 10 years. We are phasing it out over 10 years. We are taking that $4.9 billion, and we are truly helping in a whole host of ways.

Expensing for small business to me makes sense, but I particularly like the work opportunity tax credit. We are giving a tax credit to individuals that hire what I would call the least employable, the people who are on welfare, the people who simply have not had work experience.

I am proud that my side is dealing with the minimum wage, having an economic engine along with the minimum wage. We are given a vote to have a vote up or down on the minimum

wage. We have that. We are given a vote to also provide an economic engine for our companies who employ.

One of the best, to my mind, ways of looking at it, the work opportunity tax credit. It is going to be funded in part by eliminating what I call a significant loophole to large businesses who happen to just have activity in a possession of the United States.

So I applaud what the Committee on Ways and Means has done. I thank them for eliminating what I think is a loophole that does not benefit enough people and in the end allow for small businesses to pay the minimum wage.

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

Mr. SHAYS. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, the gentleman may be right about this 936, but we do not have a vote on that. That was not allowed by the rule. And we never had any hearings as to how we could improve, eliminate or substitute 936. We have just said the poor people in Puerto Rico have to take our word for it.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in strong opposition to H.R. 3448. World War I, World War II, Korea, Vietnam, the Persian Gulf, this country has sent our brave and courageous Americans from the island of Puerto Rico, such as my uncle, to fight in foreign lands. Now, through their repeal of section 936, Republicans intend to use the people of Puerto Rico as human shields to give businesses more tax breaks. This bill is an insult to the 3.8 million American citizens in Puerto Rico. What is good for American citizens in the mainland should be good for the people in Puerto Rico.

If this was not cruel enough, Puerto Rico will get nothing for this national sacrifice in the name of more tax cuts. In typical Republican style, you go after the one group of Americans who have no vote in this Chamber.

Section 936 is not charity. It has been successful for the island and for the United States. It has created 300,000 jobs through private capital and tax incentives. Without it, the already high poverty and unemployment rates on the island will skyrocket. Many companies will move out of Puerto Rico, but they will not move to the mainland. They will move to such places like Mexico and Singapore.

Many Puerto Ricans forced out of work will need public assistance to survive. We will all pay sooner or later, jobs under section 936 or more public assistance. Be ready to invest in jobs creation, because there will be thousands of Puerto Rican workers migrating to the mainland. I thought you were the party of work, not welfare. Your radical, heartless agenda is clear: Up with tax breaks for business; down with the middle class, down with Puerto Rico.

I urge my colleagues to vote no on this legislation.

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

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

Mr. Speaker, the first speaker we had, Mr. RANGEL, the last speaker we had, Ms. VELÁZQUEZ, and the next speaker we have, the gentleman from Illinois [Mr. GUTIERREZ], point out something I think is very significant here. The first speaker represents Puerto Rico here, 3½ million people, almost 4 million people got no vote. There is something in this bill that is very important to his people, but he is not allowed to vote on it.

The last speaker represents many people whose origin is in Puerto Rico, but they have a vote here in the Congress because they chose to move to the mainland as Americans from Puerto Rico.

The next speaker, Mr. Speaker, that I am going to yield 2 minutes to is in the same position. Mr. QUTIERREZ represents a lot of people whose origins were in Puerto Rico but they are here now because they have got a vote here in the Congress and they can vote for President.

I just do not think, as I editorialize here, we have paid enough attention to the political novelties that we have created with Puerto Rico. I think we better spend some time on it, Mr. Speaker.

Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, I want to begin my remarks by making clear that I can support a break for small businesses, but I cannot support breaking the economy of Puerto Rico to do it.

The supporters of this bill will give you lots of interesting rhetoric about the great breaks they want to give small businesses today. But they won't tell you the truth about what this bill means for the 3.8 million American citizens who live in Puerto Rico.

We are breaking their backs.

We are breaking their dreams.

And, we are breaking our promise to give the Puerto Rican economy a chance to thrive.

This is a simple bill. It is a bill to destroy Puerto Rico's economy. Eliminating Section 936 will cause a stampede of companies to foreign shores where they will be warmly received for the thousands of jobs they will bring.

And what will this mean for the revenue we pretend to be generating by targeting Puerto Rico's jobs for elimination? Empty factories don't create profits. Empty factories don't pay taxes. Empty factories don't create jobs.

Eliminating jobs is an awfully strange way to raise revenue. Yet, it's not too surprising. Not surprising that the most powerless are once again asked to pay for this Republican election-year political payoff.

The people of Puerto Rico have not been asked or consulted about this critical issue.

Let's be completely clear. The people of Puerto Rico overwhelmingly support Section 936. And the people of Puerto Rico have earned the right to be consulted. The names of more than 2,000 * * * 2,000 of the sons of Puerto Rico—American citizens—are inscribed on the Vietnam War Memorial Wall; 2,000. How do we recognize their supreme sacrifice? How does this Congress show that we understand the importance and contributions of the Puerto Rican people to our Nation? The majority wishes to ram through a proposal that will eviscerate the jobs of 300,000 decent, hard working Puerto Rican working people who want only to honestly earn a living for their families.

Puerto Rico has a per capita income one-third the United States average, and three times its rate of unemployment. Yet we target them for economic destruction.

The voices of hundreds of thousands of workers on the island ask only for fairness for their families. They ask only not to become the pawn in an election-year political game.

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They have paid the price, they have paid taxes, the taxes of their blood, and I demand that this Congress respect it.

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

Mr. Speaker, it is fascinating to me to listen to my colleagues on the other side of the aisle, the minority, support tax breaks for big corporations simply because they believe that the end result might benefit something that they are interested in. But let us introduce a tax rate reduction on capital gains that would create jobs for all Americans, and they rail that we are giving special preference to the big corporations and to the rich. But here they are today, emotionally supporting tax breaks for big corporations. It is a strange irony, it is almost a strange contradiction, and yet we are here witnessing it.

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

Mr. GIBBONS. Mr. Speaker, I yield 30 seconds to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, it is not the companies we have come here to support, it is the jobs, and I think that we all, if we honestly speak about this, those corporations are going to Singapore, those corporations are going to Mexico, those corporations are going to leave Puerto Rico. What revenues do they have? Who are you going

to tax when the American corporations that are in Puerto Rico precisely because of 936 go to foreign shores? Where do our colleagues get the revenue for them?

It is not the corporations that I am here to defend but the 300,000 jobs that are created. Let us look at the laws that govern Puerto Rico, but we do not want to have a debate about that.

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

The gentleman has made an outstanding argument in behalf of the repealing the alternative minimum tax, repealing the foreign-source income taxes, all of which apply to great corporations who would be creating jobs in this country instead of overseas. But let us bring up something about the alternative minimum tax and let them rail against the help for big corporations. They do not want to talk about jobs then. They want to talk about how the Republicans want a tax break for big corporations, and here they are defending tax breaks for big corporations because they say it creates jobs. It is one of the most incredible inconsistencies that I have seen in the years that I have been in the Congress of the United States, and apparently it is supported by all of the minority Members. None of them has spoken against it, none of them has spoken for doing away with 936, special tax breaks for big corporations, but they have taken all of their time supporting those big tax breaks because they say it creates jobs.

I want to hear them again when we get back to capital gains and we get back to alternative minimum tax and all of those parts of the code that create jobs for all Americans across this country. Let them then come and defend that.

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

Mr. GIBBONS. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, all we are saying is that in this form of Government we do not make these determinations in the backroom. If our colleagues think that really is big corporations that is the beneficiary, then let us have hearings on it, let us bring the economists from Puerto Rico, let us bring the elected officials from Puerto Rico, let us bring the businesses, and let us do the right thing. But it is unfair for people who cannot vote not to have hearings here and just make the determination that the benefits go to the corporation.

If our colleagues bring a bill out, we will talk about it.

Mr. GIBBONS. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. LEVIN], who does a very conscientious job in this body.

Mr. LEVIN. Mr. Speaker, I thank the distinguished gentleman from Florida [Mr. GIBBONS] for yielding this time to me.

Mr. Speaker, I rise in support of this bill. It has several important bipartisan provisions. I have long supported increases in small business expending and expensing employer-provided education assistance and improving the targeted jobs tax credit and in simplifying pension and subchapter S rules. I am pleased these are in the bill.

But there are several provisions in this bill that run counter to its stated purpose to preserve and create small business jobs. I hope these shortcomings are fixed in the Senate.

The first provision repeals the tax exclusion for employer-provided graduate education. This provision helps hardworking Americans who, on average, make $30,000 per year. They are small business people, nurses, engineers, scientists, programmers, and teachers of tomorrow. They are precisely the people everyone tells us we need more of in this global, high-technology economy.

A majority of our Committee on Ways and Means voted for provision for employer-provided graduate education, but the leadership blocked it. I hope the Senate puts it back in.

The second provision repeals the tax exclusion for banks that lend to employee owned companies. The ESOP provision in the bill today would lose jobs, not protect them.

And let me just say the issue is not tax breaks. The issue is a Tax Code provision: Does it encourage business expansion and job creation or does it not? And I do not think we ought to throw labels around and call it a break if we do not like it.

I am for changes in the alternative minimum tax if it is tailored to help job creation, and I do not understand why this provision, this ESOP provision in this bill, why it would eliminate a part of our present code that helps employees keep their jobs, take control of their companies, improve productivity and make CEO's more accountable.

So I hope this provision and the other one I mentioned on graduate education is changed in the Senate.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Mr. GIBBONS. Mr. Speaker, I yield 30 seconds to the gentlewoman from Connecticut [Ms. DELAURO].

The CHAIRMAN. The gentlewoman from Connecticut [Ms. DELAURO] is recognized for 1½ minutes.

Ms. DELAURO. Mr. Speaker, I thank my colleagues for yielding me the time.

Mr. Speaker, working Americans deserve tax relief, and I am glad to see that this bill takes needed steps in that direction.

We have heard a lot in this Congress about encouraging work, a goal I strongly support, and I am happy to say that extending the targeted jobs tax credit will encourage work. This credit, now named the work opportunity tax credit, will give employers the proper incentive to hire those who might not find work otherwise.

Continued education will enhance workers' skills and enable them and their companies to prosper in an ever more competitive economy. Extending the tax deduction for employer-provided educational assistance will encourage businesses and individuals to invest in the most valuable kind of capital, human capital.

I also support enhanced pension security for American workers, and am glad that the bill takes steps in that direction. The bill guarantees that workers in multiemployer pension plans, such as construction workers, will not lose their pension benefits after 5 years instead of 10. The large number of workers in nonprofit organizations also will be able to take advantage of 401(k) plans. I strongly support these steps to help Americans in their retirement years, but I am concerned that these steps do not do enough to ensure that all workers will have the security they deserve after a lifetime of work.

We must be fair to those working American families who are struggling harder and harder for less and less. This pension plan expands access to retirement savings but does so in a way that leaves many low-wage workers out. Let me read from the business section of today's New York Times. It says, and I quote: "In a break from decades of pension policy, the bill would let owners reap tax benefits for themselves even if their workers do not participate."

Helping only those at the top is not the way Congress should improve retirement security. A better and more comprehensive plan that would help all workers has been outlined by the President and I hope that as this bill moves forward, elements of the President's plan will be incorporated so that all workers may benefit.

I encourage my colleagues to support this bill for its needed tax relief, but I hope that its pension provisions may be improved before becoming law.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE. of Virginia. Mr. Speaker, I rise in support of H.R. 3448, and I commend the chairman and the ranking member for the work they have done in this bill.

As a member of the coalition of conservative Democrats and a strong proponent of deficit reduction, I have in the past opposed cutting taxes before we have a blueprint in place which would bring us to a balanced budget, and I was particularly concerned last year about the tax cut provisions in

the budget resolution in part because of their magnitude and in part because they were back-end-loaded in a way that would make the cost rise dramatically outside the budget window. This package, however, is reasonable and provides opportunities to improve our fiscal responsibility.

H.R. 3448 is a very targeted measure with its provisions benefiting small businesses and their employees. These businesses are the engine of economic growth in this country and represent the sector of our economy that is least able to adjust in difficult economic times.

The bill's two major provisions and expansion of small business ability to expense money that is spent on capital improvements and the restoration of a tax provision that encourages business to send their employees to college represent good public policy that will help our Nation increase its stock of capital in both our equipment and our people.

These provisions are accounted for honestly without accounting gimmicks designed to mask their costs by pushing much of the revenue into years outside the budget window, and while it is difficult to find sources of revenue to replace this much money without some level of controversy, the revenue offsets in this bill are not illusory. They require the type of decisionmaking our constituents expect of us, prioritizing how to best spend our limited resources.

This is a good bill, and I urge my colleagues to support it.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from Ohio [Mr. KASICH], the very active, very respective chairman of the Committee on the Budget.

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Mr. KASICH. Mr. Speaker, I want to first of all pay a very high tribute to the gentleman from Texas [Mr. ARCHER]. Most of my lifetime as a young man and then entering the Congress, still as a young man, I was very frustrated as I heard a lot of rhetoric from many of my colleagues about the fact that we had passed out so many tax breaks to all these big corporations.

I come to find out that the minority party basically controlled the Committee on Ways and Means for 40 years, and they passed out all these loopholes to all these big corporations. So out of one side I heard people saying, I do not like the fact that big business is getting all these benefits, and it is an outrage, and at the other side of their mouth, or the other side of their body, they were passing out the tax breaks.

Mr. Speaker, I had said at the beginning of the last session of the Congress to Chairman ARCHER, we need to close loopholes. We have to take benefits away from corporations that had powerful lobbyists who were able to get these things enacted into law. The gentleman from Texas [Mr. ARCHER] said that there are things in this code that are outdated. There are things in this code that do not make sense anymore. Chairman ARCHER agreed to close loopholes. He agreed to take the loopholes that lobbyists had passed in this town and take them out of the Tax Code so hardworking Americans would have more in their pocket.

Mr. Speaker, this 936 business; we have given very powerful corporations very large tax giveaways to locate in Puerto Rico. What we find is that there are companies getting huge amounts of tax breaks and they are supposedly creating jobs of Puerto Ricans, and frankly, in some cases companies are getting several hundred thousand dollars' worth of tax write-offs and the employees are only being paid $30,000.

What we intend to do is to repeal this whole section which has given a huge tax loophole to very big, wealthy corporations. We are saying we are going to scrap it.

Mr. Speaker, we are going to phrase this out over a period of 10 years. If in the course of time we figure out that a wage credit makes some sense, we will come back and do it. But frankly, we started phasing this out in 1993. I compliment the minority for beginning that process, but we want to complete that process. We think this is a bad provision for hardworking American taxpayers and, frankly, they ought to be happy with the fact that we are closing the loopholes that I heard many people complain about, and we are using this in order to help Americans who work hard and pay their taxes and do not have lobbyists to give them tax breaks.

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

Mr. Speaker, I would say to the chairman of the Committee on the Budget, this debate is not about taxes. This debate is about taxation and representation, with an emphasis upon the representation. Puerto Rico has in it 3.8 million Americans and no vote in this Congress. That is what this debate is about. It is the fact that they were not consulted; no attention has been properly paid to their economic status. That is what this debate is about. You can go ahead and get lost in the budget over there all you want to, but I am lost in the equities of the fact that the Americans in Puerto Rico are just disenfranchised.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, when you have the votes, you have the votes. But this is very interesting. We are talking about a tax issue with the eminent chairman from the Committee on Ways and Means here. The only point we raised was that we never had any opportunity to determine whether 936 was effective. But it makes a lot of sense.

It is the distinguished chairman of the Committee on the Budget that comes to the floor. He needs some money. The Committee on the Budget needs some money. Does the Committee on the Budget hold hearings? Does the Committee on the Budget find out what programs work or what do not work? Does the chairman of the Committee on the Budget go to Puerto Rico to talk with the Governor? No. The Committee on the Budget chairman dictates to the Committee on Ways and Means, do not have hearings, just bring the money. That is exactly what we did.

Mr. ROMERO-BARCELÓ. Mr. Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Puerto Rico.

Mr. ROMERO-BARCELÓ. Mr. Speaker, I thank the gentleman for yielding.

Mr. RANGEL. Mr. Speaker, I would ask the distinguished elected representative in yielding, did anyone ever go to Puerto Rico, to his Governor or to him, and ask him to study this bad bill and report back?

Mr. ROMERO-BARCELÓ. No. That is what I want to say. I have been a proponent of elimination of the tax reservation of income of section 936 but to substitute it for a tax credit based on wages, so we would really promote jobs in Puerto Rico. What has happened here is that the way this bill is structured, they eliminate everything. No corporation is going to get any new incentives, so there would be nothing for new business. Then corporations are allowed for 10 years to keep what they are earning and to not pay any taxes, or to pay limited taxes for 10 years.

That is the giveaway. That is unnecessary. We can take that tax and provide a wage credit, and it would be more useful.

The SPEAKER pro tempore. All time for the minority has expired.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Speaker, let me just say to the gentleman who is going to be the ranking member, does he know the heat that we took when we recommended, as both the Committee on the Budget and the Committee on Ways and Means, that we close loopholes on corporations that won over in Gucci Gluch? We took a lot of heat. No one ever dreamt that Republicans would lead the way to close the loopholes on large corporations.

The gentleman may not be totally thrilled with the whole process, I would say to him, but let me just suggest to him that this way was not easy. When the gentleman says hearings on 936, 936 as defined by everybody who has analyzed this Tax Code, they have said this is a loophole that is so unfair you could drive a truck through, and it needed to be closed. This has been a mantra from people on both the conservative and liberal side of economic expertise. They said 936 is bad.

What I am saying to the gentleman is this: Imagine that at the end of this century, the Republicans are beginning to clean up the Tax Code and we are taking on a lot of people that this gentleman tries to take on every week. This time, I say to the gentleman from New York [Mr. RANGEL], we are going to win.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a valued member of the Committee on Ways and Means and chairman of the Subcommittee on Oversight.

Mrs. JOHNSON of Connecticut. Mr. Speaker, first of all, I want to commend the chairman of the committee, the gentleman from Texas [Mr. ARCHER], for his leadership in this Congress on tax reform. It is unfortunate, in my mind, that the really excellent tax bill that we sent to the President I believe twice, and he vetoed, was talked about in the press only as a bill containing capital gains relief and a $500 credit for families with children, because in that bill were many, many provisions whose goal it was to stimulate growth and create jobs in our economy, providing educational opportunity for our people, work opportunity for women on welfare, and retirement security for many, many women who work at home and many, many people who work for small businesses.

So I am very proud to stand here today as a member of the Committee on Ways and Means and recognize my chairman's leadership, because over all the years that this body has legislated tax law it has not cared about small business. In fact, over the years we have built a tax code that rested on the interests of big business in America, thinking that big business was the job creator in our economy.

We now know differently, so we have here before us tonight a bill that drives growth in the small business sector; that for the first time will expand expensing for small businesses, allowing them the money to buy the equipment to create the jobs and hire the people to drive our economy forward. This is an economic growth package, because it addresses the tax needs and alleviates the tax burden on the very sector that is creating the most jobs in America and that holds the potential for future strength.

It also renews that opportunity for employers to supplement the education of their people; and we know education, quality, expertise, that creates high value-added jobs, high-wage jobs, and an opportunity.

Mr. Speaker, in addition, this bill renews the work opportunities tax credit, formerly known as the targeted jobs tax credit, which again will help those people on welfare get jobs. We want women to have the independence and the self-respect of work, and this is one key piece of the policy pyramid that has to be developed to give women that independence and self-respect.

In addition, the pension reform section of this bill restores to small business the opportunity to provide their employees the same right to create retirement security as larger businesses have. I commend my chairman on an excellent bill.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. SMITH], who has done such good work on cost recovery for creation of jobs.

Mr. SMITH of Michigan. Mr. Speaker, I thank the chairman of the committee for yielding time to me.

Mr. Speaker, in 1993 we increased the marginal tax rate on small business from 31 to 39.6 percent. Small business creates jobs. The first bill that I introduced when I came to Congress in 1993 was neutral cost recovery. It allowed a business to deduct the cost of machinery and equipment and facilities in the year they bought it.

This is an excellent bill for small business. It does include an increase in expensing up to $25,000. It is what we have to do if we want to expand jobs in this country, and ultimately expand revenues coming into the Federal Government to pay off this mess that we have found ourselves in as far as overspending and overborrowing.

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

Mr. Speaker, this is a good bill. That has been said on both sides of the aisle. It is a good bill because it gives incentives for small businesses to do their job, to create more jobs for working Americans. As we all know, small businesses have been creating over 80 percent of the new jobs. This bill give them assistance in expensing of capital cost equipment, without having to go through laborious depreciation schedules. It will give them tax credits to hire those who are the least employable. It will give them the opportunity for pension reform, pension simplification, so they, as well as big corporations, will be able to provide retirement help for their workers and for themselves. It implements a number of things that were in the Contract With America and in the Balanced Budget Act of 1995. This time, Mr. Speaker, the President will sign this legislation. It is not only good for small business, it is good for working Americans. It is good for all of America.

Mr. PETRI. Mr. Speaker, while the minimum wage debate is important, what we are not debating is more important.

For the 20th time since the enactment of the Fair Labor Standards Act, we will debate the part of that act that affects less than 10 percent of the American work force. For the 20th time we will ignore the remainder of the statute—its overtime provisions—that affect 90 percent of the work force.

The original minimum wage was 25 cents. In failing to update the act's overtime provisions, we are left with provisions that have as much relevance to today's workforce needs as a 25-cent wage would to today's economy.

Employers and employees can't ignore these provisions. Rather, they must shoehorn their weekly operations into a construct that was designed for the workplace of the 1930's, not the 1990's, let alone the 21st century.

For example, when an employee works more than 40 hours in a week, the law requires her to be compensated for overtime with money. However, many workers would prefer to be paid with more time off rather than money. State, local, and Federal employees have such a choice. Yet, by law, private sector employees do not.

In addition, many employees resent being strapped to the traditional 40-hour week concept. They prefer more flexible arrangement such as "9/80" schedules that allow employees to compress 80 hours into 9 workdays over a 2-week period. That way, they can take every other Friday off.

Unfortunately, under current law employers who give them this option have to pay overtime. That creates morale problems for other employees with traditional schedules who work the same number of hours but don't get overtime.

The law should allow employees to choose these schedules voluntarily without incurring overtime penalties for their employer.

The most egregious effects of the law stem from the requirement that covered employees be paid an hourly wage rather than a salary. For most workers, this is not a problem.

But many employees—particularly professional and administrative employees—prefer not to have their lives tied to a time clock. They would prefer the certainty of a salary to an hourly paycheck that requires them to clock overtime hours in order to meet their income goals. The law requires payment on an hourly basis to anyone who does not fall within the white-collar worker exemption.

The concept of the exemption is fine, but the reality is that the employee has to have exactly the same duties as a 1950's white-collar worker, which is when the definitions were written.

Thus many employees who clearly view themselves as while-collar workers—such as engineers, accountants, marketing representatives, and insurance underwriters—are outraged when they have to start filling out time sheets and asking permission to work past 5 p.m.

What stands in the way of our addressing these problems and giving the FLSA a long-overdue tuneup. Nothing less than pure demagoguery.

Exaggerated claims that even the most modest improvements to the FLSA will mean the death of the 40-hour workweek have produced total paralysis on these issues.

So we are left with modest tinkering with the statute, such as the company vehicle provision, that address anomalies that have cropped up in certain industries, but in the grand scheme of things affect very few workers. The FLSA is already riddled with such provisions.

Mr. Chairman, after we resolve this current minimum wage issue, I hope we can focus on issues that affect the day-to-day worklives of most American workers.

Once the smoke has cleared on this issue and the rhetoric has toned down a few notches, I will introduce legislation to provide this focus.

Mr. Chairman, reason, not paranoia, should prevail. Let's listen to real workers and give them a wage-hour law they can live with.

Mr. SAXTON. Mr. Speaker, for a better understanding of why I believe a higher minimum wage is the wrong course to take, I am putting into the RECORD today the Joint Economic Committee's latest report entitled "The Case Against a Higher Minimum Wage" (May 1996).

Also, available from the Government Printing Office are the transcripts of two Joint Economic Committee hearings held last year on the minimum wage. When contacting the GPO, request the following two documents:

Senate Hearing 104–377 Part I: JEC Hearing on Evidence Against a Higher Minimum Wage: February 22, 1995, part I.

Senate Hearing 104–377 Part II: JEC Hearing on Evidence Against a Higher Minimum Wage: April 5, 1995, part II.

For any additional information on this or any other economic issue, please contact my JEC office located at 1537 Longworth HOB, Washington, DC 20515.

JOINT ECONOMIC COMMITTEE REPORT

THE CASE AGAINST A HIGHER MINIMUM WAGE

The voices clamoring for a minimum wage hike are getting ever louder. Proponents argue that the current wage level does not provide an adequate incentive for work. Also, they argue that an increase in the minimum wage will have only a very minor impact on jobs. These arguments are not grounded in fact. The impact of raising the minimum wage has been studied since its inception. All credible research has come to the same conclusion: raising the minimum wage hurts the poor. It takes away jobs, keeps people on welfare, and encourages high school students to drop out. Policy makers should be clear on the consequence of higher minimum wages.

JOBS AND THE MINIMUM WAGE

Economists have studied the job-destroying features of a higher minimum wage. Estimates of the job losses of raising the minimum wage from $4.25 to $5.15 have ranged from 625,000 to 100,000 lost jobs. It is important to recognize that the jobs lost are mainly entry-level jobs. By destroying entry-level jobs, a higher minimum wage harms the lifetime earnings prospects of low-skilled workers.

Proponents have been able to muddle the debate by pointing to a study done by two Princeton economists, David Card and Alan Krueger. These economists claimed to find that raising the minimum wage does not lower employment.[1] In one paper, they succeeded in casting doubt on 200 years of economic research and theory. Economists took their challenge seriously and attempted to recreate their results. It could not be done. Economists who attempted to replicate their work demonstrated conclusively that raising the minimum wage destroys jobs.[2]

Even after the Card and Krueger study was fully discredited by economic science, it is still being used by proponents of higher minimum wages to support an increase. Why must they rely on discredited research to support their call for raising the minimum wage? Because they recognize that Americans do not support proposals that destroy jobs. Proponents often like to show survey results that say more than eighty percent of Americans support a higher minimum wage. Yet, the same survey shows less than half surveyed, 46 percent, support raising the minimum wage if it "might reduce the number of jobs available for workers with limited skills.[3] " Clearly, if Americans were informed of the true effects of raising the minimum wage, support would rapidly erode.

MINIMUM WAGE WORKERS

Supporters claim that raising the minimum wage is important for working families. Secretary of Labor Robert Reich often repeats the fact that forty percent of minimum wage workers are the sole source of income for their families. This is misleading because it relies on lumping single, non-family individuals with families. Only 2.8 percent of workers earning less than $5.15 are single parents.[4] Only 1.2 percent of all minimum wage workers were adult heads of households with incomes less than $10,000.[5] Fifty-seven percent of minimum wage workers are single individuals, many of them living with their parents.

Minimum wage workers are not parents struggling to feed their children. Rather, they are high school or college students living at home. The level of the minimum wage is irrelevant for most people in poverty. Only 9.2 percent of poor people of working age have full-time jobs.[6]

SIDE EFFECTS OF RAISING THE MINIMUM WAGE

It has been well documented that the minimum wage destroys jobs, particularly the jobs of low-skilled, young workers. However, there are other equally pernicious side effects of higher minimum wages. Higher minimum wages make it more difficult for people to leave welfare and induce high-school students to drop out.

Dr. Peter Brandon of the Institute for Research on Poverty studied how raising the minimum wage affects the transition from welfare to work.[7] He found that raising it keeps welfare mothers on welfare longer. Mothers on welfare in states that raised their minimum wage remained on welfare 44 percent longer than mothers on welfare in states where it was not raised.[8]

The reason for this result is that raising the minimum wage induces some people to enter the labor market who would not apply if not for the higher level. With a larger labor market, employers choose higher-skilled applicants. Thus, raising the minimum wage hurts low-skilled workers in two ways. First, there are fewer jobs available. Second, with a larger pool of applicants, competition is stiffer. Low-skilled workers have a more difficult time getting those job skills that are crucial to economic well-being.

Another side effect of raising the minimum wage is that it increased the number of high-school students who drop out.[9] Some of these students do not find employment. Another group of students are part of those applicants that compete jobs away from welfare recipients. Dropping out of school is very destructive. High school drop-outs have a very difficult time improving their well-being.

THE ELUSIVE BENEFITS OF A HIGHER MINIMUM WAGE

The proponents of a higher minimum wage argue that it is vitally important to raise it in order to improve the lives of poor workers. However, the raise will have only a limited impact on poor working families.[10] A single parent with two children living in California would gain only 26 cents from a 90 cent increase in the minimum wage.

To put this gain in perspective, each minimum wage worker who earns $4.25 an hour brings home $3.92 for each hour worked once payroll taxes are deducted. The employer costs of a minimum wage worker is $4.58 an hour when the employers share of the payroll tax is included.[11] If workers could take home the amount of money it costs the employer to hire workers, they could have 62 cents more per hour. Clearly, the California parent would be better off if the tax wedge were reduced, rather than increasing the minimum wage.

CONCLUSION

The campaign to raise the minimum wage will have little positive impact on the lives of poor people. Rather, it is a political measure that plays to a misunderstanding of the impact of higher minimum wages. The future of the American economy depends on a correct understanding of the causes of prosperity. For too long, attempts to relieve poverty have been misguided. To lift people out of poverty, we need a system that maximizes opportunities for economic well-being of low-skilled workers. Raising the minimum wage is a wrong-headed solution that will deprive young, poor Americans of an opportunity to improve their economic situation.

ENDNOTES

[1] Card, David and Alan B. Krueger, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." American Economic Review, September 1994: pp. 772–793.

[2] Neumark, David and William Wascher, The Effect of New Jersey's Minimum Wage Increase on Fast-Food Employment: A Re-evaluation using Payroll Records. National Bureau of Economic Research: Cambridge, MA. 1995.

[3] Washington Post, April 26, 1996, p. F1.

[4] EPI Edge. Employment Policies Institute. April 1996.

[5] Vedder, Richard and Lowell Gallaway, Should the Federal Minimum Wage Be Increased? National Center for Policy Analysis: Dallas, TX. 1995.

[6] Ibid.

[7] Brandon, Peter. Jobs Taken by Mothers Moving from Welfare to Work and the Effects of Minimum Wages on this Transition. Employment Policies Institute: Washington, DC. 1995.

[8] Ibid.

[9] Neumark, David and William Wascher, The Effects of Minimum Wages of Teenage Employment and Enrollment: Evidence from Matched CPS Surveys. National Bureau of Economic Research: Cambridge, MA. 1995.

[10] The reason for the minimum impact is that raising higher incomes causes a loss of benefits in Aid to Families with Dependent Children (AFDC), Food Stamps, and the Earned Income Tax Credit (EITC).

[11] This discussion only focuses on the payroll taxes. Many other taxes such as workers compensation and employment insurance also raise the costs of hiring workers for employers.

Mr. LANTOS. Mr. Speaker, the time has come for the Congress to raise the minimum wage—without gimmicks, without linking it with unacceptable provisions, without political posturing, and without delay. It is time to take this action without adding amendments and gimmicks and riders and poison pills that will limit and lessen the impact of an increase in the minimum wage.

Adjusted for inflation, the current minimum wage is worth 50 cents less today than it was in 1991 when it was last increased. To restore the same purchasing power that the minimum wage had in the late 1970's would require us to increase its level to $6.10 today. Even if we adopt the legislation I am supporting and increase the minimum wage to $5.15, we are not keeping up with the increased cost of living.

Although the proposed increase is very modest, it will benefit our national economy.

Footnotes at end of article.

Economists estimate that 12 million people will be helped by a 90-cent increase. In addition, some 4 million workers who earn less than $6.00 per hour will see their incomes increase as a result of a boost in the Federal minimum wage. In my home State of California our minimum wage is higher than the Federal level, but if we increase the Federal minimum wage, it will have a positive effect on the lowest wages in our area as well.

The people who will benefit from an increase are not just teenagers at local fast food restaurants trying to earn extra cash for a rock concert or a pair of baggy Levis. Of those earning the minimum wage, 63 percent are workers over the age of 20 and 46 percent are over the age of 25; 59 percent of workers earning the minimum wage are women and more than half of these women are over 25 years of age; 43 percent of minimum wage earners are working full time.

Mr. Speaker, as a former professor of economics, I have been particularly interested in recent economic research on the effects of the minimum wage on workers and their families and the economy. A number of studies demonstrate that the possible negative impact of moderate increases in the minimum wage phased in over a period of more than a year is minimal. Studies show that with the minimum wage relatively low compared with the average wage—a consequence of the fact that the minimum wage has not kept pace with the increase in the cost of living—the effect of this increase on both employment and incomes will be positive. In fact, several prominent scholars have argued quite convincingly that the income gains from an increase in the minimum wage would outweigh any job losses that might result from the increase.

More importantly, Mr. Speaker, this is a question of fundamental fairness. At a time when we are seeing a growing gap between wealthy Americans and working Americans, it is fundamentally unfair to maintain the minimum wage at levels which shrink with every increase in the cost of living. At the same time, Mr. Speaker, we have seen vast increases in the compensation of chief executive officers of America's corporations—last year corporate executives saw their salaries jump by 31 percent while workers earning the minimum wage stayed at exactly the same level.

Mr. Speaker, the time has come to increase the minimum wage. I urge my colleagues to join me in supporting this action in the interest of fundamental fairness and in the interest of millions of American workers.

Mr. ORTON. Mr. Speaker, I rise in support of H.R. 3448, the Small Business Job Protection Act.

This bill contains a number of provisions that I have long supported, and which encourage the creation and growth of small businesses. First, the bill increases the amount a small business can deduct for the purchase of business-related equipment from $17,500 to $25,000.

The bill also includes a number of provisions which make it easier for small businesses to receive S corporation classification, the most notable being an increase in the maximum number of shareholders from 35 to 75. This important change makes it easier for many small businesses to maintain a simplified corporate structure, without being subject to double taxation.

This legislation includes important pension simplification provisions for small businesses, including a simplified retirement plan, called a savings incentive match plan.

For restaurants, this bill expands a 1993 law which gives restaurants a credit for the Federal payroll taxes paid on tips earned by their employees. Specifically, the bill would now expand the credit to include unreported tips, and would expand restaurant eligibility to include carryouts.

Finally, the bill extends a number of expiring provisions, including a revised targeted jobs tax credit and section 127, the exemption for employer-provided educational assistance. I am concerned that section 127 renewal is limited to undergraduate education. It is my hope that this can be expanded in conference to reinstate graduate education.

I am pleased to see that the revenue loss from these provisions is fully offset with other provisions which increase revenues. In other words, this bill will not increase the deficit. In fact, this is precisely the pay-as-you-go approach advocated since early last year by the blue dog coalition, of which I am a member.

Last year, the coalition questioned the approach of borrowing hundreds of billions of dollars to pay for tax cuts. Instead, we in the coalition argued that tax cuts should be considered apart from spending cuts, and should be fully paid for with offsetting changes in the Tax Code.

After a year of debate, the Republicans are now beginning to see the wisdom of this approach. Two weeks ago, during debate on the budget resolution, the Republican Budget Committee chairman announced that they would fully pay for economic growth, savings, and job creation tax incentives with offsetting revenue increases.

Last month, we expanded deductibility of health care costs for small businesses, paid for through offsetting revenue increases. Today, we are taking the same approach for a number of small business tax incentives.

So, I applaud the majority for adopting our suggestion. I also encourage the majority party in the next few months to act on capital gains relief, expanded IRA eligibility, and estate tax relief for family farms and businesses, with offsetting revenue increases to make such changes deficit neutral. The result will be a stronger, more efficient economy.

I urge adoption of this bill.

Mr. CRANE. Mr. Speaker, today I will vote for the Small Business Job Protection Act. The highlights of the bill in my view include the expansion of the expensing provisions for small business, the package of S corporation reforms and pension simplification items, and the employer-provided educational assistance provision. If signed into law, these provisions will do a great deal of good for small businesses in this country and will in turn provide real job opportunities for American workers.

However, I must express my deep concern with regard to that portion of this bill which would phase out section 936 of the Tax Code over a 10-year period. Section 936 of the Tax Code provides tax incentives to companies that locate production facilities in Puerto Rico. Frankly, I have been concerned that many of those who will vote for this entire package know little about the positive impact that section 936 has had on employment in Puerto Rico. Nor, I fear do they appreciate the negative impact that eliminating section 936 will have with regard to the economic vitality of Puerto Rico and what the decline in that regard will mean to our Federal budget in the long run.

Having served on the committee with jurisdiction over this issue for the past 20 years, the Ways and Means Committee, I can unequivocally report to my colleagues that section 936 has been one of the most successful provisions in our entire Tax Code. Section 936 has spurred economic development in Puerto Rico which has in turn created thousands of jobs, dramatically reduced the unemployment rate in Puerto Rico. By removing this incentive for companies to locate in Puerto Rico, an economic vacuum will be created which I do not see being filled any time soon. This void will bring on increased unemployment, and hope and opportunity, which has been on the rise over the last 20 years in Puerto Rico, will decline steadily. As the economy declines there will be an increased dependency—dependency on Uncle Sam to help those that no longer have jobs. Just what form this dependency will take, whether it be statehood or some other arrangement, remains to be seen, but mark my words, it will mean greater expenditures by the U.S. Treasury. So I would say to those that think they are savings taxpayers dollars when they vote to eliminate this so-called corporate welfare in the Tax Code, that you can either pay not by encouraging economic growth and opportunity, or you can pay later by increasing Federal outlays for welfare and creating a dependency which I don't think the American citizens—either on the mainland or in Puerto Rico will appreciate.

Mr. Chairman, it is my sincere hope that Congress will either revise the provision of the bill before it becomes law or revisit this issue at a later time.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to speak in support of H.R. 3448 and to not only lend my support for it, but to also discuss how this legislation is a textbook example of opportunity missed. Mr. Speaker, while this bill makes several important changes to the current law in areas such as pensions, equipment investment, and educational tax-deductions, there are other changes not included which could have made it much better legislation and much better for the American people.

One of the most important issues this bill addresses is that of employee pensions. Under this legislation, employees of tax-exempt organizations, will for the first time, be eligible for 401(k) plans. In addition, firms with less than 100 workers would be permitted to set aside pension funds for workers without satisfying many of the complex reporting standards they must now meet for contributions to 401(k) plans. Finally, Mr. Speaker, this bill addresses the needs of union workers such as construction workers who frequently change jobs. This legislation corrects problems for small businesses and their employees which are long overdue. Now, those who were previously unable to take advantage of

retirement options solely due to their occupation can now.

Mr. Speaker, this bill also provides tax incentives for businesses to hire employees on welfare, high-risk youth, qualified veterans or qualified summer youth employees. I have spoken a great deal on this floor about summer jobs and while I am extremely opposed to Republican efforts to eliminate the Summer Jobs Program, I am pleased that this provision was included. I am gratified to see that the majority party recognizes the fact that these populations sometimes need assistance in obtaining work and I believe that the work opportunity tax credit is one more method by which we can give honest people a chance at a job.

While these are good initiatives, this bill does not go far enough. The legislation will allow individuals to deduct up to $5,250 per year for employer-provided educational assistance for undergraduate tuition, but what about graduate education? Do not people who pursue advanced degrees deserve the same opportunity? This indeed seems like a case of education bigotry. During committee markup of this bill, my Democratic colleague, Mr. LEVIN tried to address this issue with an amendment to include graduate education. After initially agreeing to the amendment, the Republican Members changed their vote to defeat it.

Also missing from this bill are pension provisions contained within the Gephardt-Daschle proposal which would improve the bill even further by allowing penalty-fee IRA withdrawals for education and training, first home purchases, major medical expenses, and during long-term unemployment.

Mr. Chairman, this bill is good and I support it, but it could be and deserves to be better than it is.

Mr. MENENDEZ. Mr. Speaker, I have been a supporter of small business but I rise in opposition to H.R. 3448, the Small Business Job Protection Act. While I support the small business provisions of the bill, I strongly object to the Ways and Means Committee not holding hearings on this bill.

I was an original cosponsor of the targeted jobs credit extension bill, which has been included in H.R. 3448, but I was disappointed when the Republican leadership chose to not accept a majority of the Ways and Means Committee's vote to strike from the bill a requirement that employer-paid education benefits be limited to undergraduate schooling. H.R. 127, a bill I sponsored, would have extended employer-provided educational assistance for graduate as well as undergraduate tuition.

These provisions of the bill will hurt businesses and workers. Thousands of workers will not be able to benefit from employer-provided educational assistance since the Republican leadership chose not to extend tax-free-employer-provided tuition assistance for graduate level education.

Most of the tax cuts in this bill result from the elimination of section 936 of the Internal Revenue Code. The procedure leading to the elimination of this section is highly suspect. This is a major change in the Tax Code that will have an overwhelming effect on Puerto Rico.

The Commonwealth of Puerto Rico has not been consulted regarding the elimination of section 936. Members have not been given an opportunity to hear about the consequences of this on the Commonwealth of Puerto Rico. It is unfair to place the burden of the tax cuts this bill provides on the Commonwealth of Puerto Rico, which has no vote in Congress, and to eliminate section 936 without holding hearings on its impact. I do not agree with the precedent that has been set.

Members may not realize the adverse consequences of eliminating section 936 without providing a substitute program to stimulate job creation. Eliminating section 936 without any effective substitute will lead to job loss first in Puerto Rico, then in the United States and will finally hurt businesses in America. Without section 936, unemployment and poverty would increase dramatically in Puerto Rico. Where will workers in Puerto Rico look for jobs?

Job loss in Puerto Rico means that residents of Puerto Rico may migrate to areas like my congressional district, where the unemployment rate is already above the national average. People of Hispanic descent have strong family ties and in times of adversity their families will reach out to help them. With unemployment rates in my district over 10 percent, a major influx of unemployed workers will exacerbate a problem which is already intolerable. So you can see the unintended consequences of this legislation not only on Puerto Rico but also in New Jersey, New York, and other areas where Puerto Ricans have settled in the United States. Many Puerto Ricans living in the States are economically disadvantaged but their generous nature compels them to try to help those who are at even greater economic peril. This doubly disadvantages the disadvantaged.

Finally, it is just bad policy for the Republican leadership to not provide an opportunity to learn about the impact of eliminating section 936 without providing any alternatives. This further disenfranchises the people of the Commonwealth of Puerto Rico while imposing an unfair financial burden on them. Whether intentional or not it is invidious that this legislation singles out an individual ethnic group.

Mr. FAZIO of California. Mr. Speaker, I rise in support of H.R. 3448, the Small Business Job Protection Act of 1996.

Small business is the backbone of our Nation's economy. According to the Small Business Administration, small businesses generate more than 50 percent of our gross domestic product and employ 53 percent of the American work force.

Small businesses know their communities well. They often take a more personalized approach and fulfill unique needs for their communities that big business has no hope of duplicating.

With the downsizing of many large corporations, our Nation's economic health increasingly will become tied to the health of small business. Statistics indicate that small business accounted for two-thirds of the new job growth in the United States in 1994. Any further economic development our Nation hopes to enjoy in the next few years will be seriously inhibited without the expansion of small business.

Yet smaller firms can be at a disadvantage in getting the capital needed for start-up or expansion. It is essential to provide incentives to enable more small businesses to develop and grow throughout the United States, so that every American can benefit from the personalized services, innovative products, and modern technology as well as the new jobs and economic growth that smaller businesses provide to our communities.

So I was particularly disappointed that the research and development tax credit, usually a bipartisan provision, was voted down in the Ways and Means Committee on a party-line vote.

However, in light of the rapidly decreasing number of legislative days in this Congress to reach out to small business employers and employees, I nevertheless support H.R. 3448. It is the last opportunity to provide essential incentives for the development of small businesses. It also promotes job growth and educational opportunities for the millions of hard-working entrepreneurs who are at the heart of American economic success.

One of the main obstacles which has deterred small business development in the past is the difficulty small businesses face in providing employee pension plans comparable to those of large corporations. This bill creates the savings incentives plan for employees of small businesses that could operate as an IRA or a 401k plan. It will enable small businesses to offer the same long-term savings plans as larger firms, so that they can offer the same incentives in retaining qualified employees.

The Small Business Job Protection Act also addresses the concerns of many employees of nonprofit, tax-exempt companies who do not currently enjoy the security of a retirement account. This bill allows these organizations to offer 401k plans.

Work and education are the core of our economic success, and we should heartily support public policy proposals which encourage work with education, education with work, Incentives for both are provided by this legislation through the work opportunity tax credit and the employer-provided educational assistance tax deduction.

The work opportunity tax credit replaces the expired targeted jobs tax credit. Employers receive a tax credit equal to 35 percent of an employee's wages, for employees who receive economic assistance, including high-risk youth and veterans. The tax credit for employer-provided educational assistance allows individuals to deduct from their taxable income up to $5,250 a year for employer-provided assistance for undergraduate tuition.

Hard-working people are taking risks to start and expand small businesses. They are discovering new approaches that stimulate and generate economic growth. We must nurture the efforts of these entrepreneurs, and we must also help small business employees who work hard to sustain these efforts.

H.R. 3448 is a step in the right direction towards encouraging the growth of small business and with it, the strengthening of our Nation's economy. I urge my colleagues to support H.R. 3448, the Small Business Job Protection Act.

Mr. TORKILDSEN. Mr. Speaker, I appreciate the time to speak on this important small business issue.

The Small Business Job Protection Act is a package of tax incentives aimed at increasing

the productivity of small business by promoting the opportunity for expansion. The bill contains a number of small business tax provisions. But, most importantly, there is a provision to increase expensing for small business.

Part of the Contract with America, this provision will increase from $17,500 to $25,000 the amount of money a small business can deduct for the purchase of equipment, such as computers, cash registers, or office furniture, for example. By increasing the deduction, small businesses will not only be able to modernize, giving their workers the tools they need to remain competitive, but they will also be in a stronger financial position to do business and interact within their communities.

Specifically, the bill phases in over 8 years a $7,500 increase in the amount a business may deduct from their tax liability for capital investment. As I stated before, current law allows a maximum amount of $17,500—bringing the new total deduction to $25,000.

In closing, I strongly support passage of this long overdue legislation. Thank you, Mr. Speaker, for the time.

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

The SPEAKER pro tempore (Mr. WALKER). Pursuant to House Resolution 440, the previous question is ordered on the committee amendment in the nature of a substitute and on the bill.

The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

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

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

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

Pursuant to House Resolution 440, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 414, nays 10, not voting 9, as follows:

[Roll No. 190]

YEAS—414

Abercrombie
Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Scott
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Traficant
Upton
Vento
Visclosky
Volkmer
Walker
Walsh
Wamp
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NAYS—10

Conyers
Dellums
Gutierrez
Menendez
Rangel
Rose
Serrano
Stark
Towns
Velazquez

NOT VOTING—9

Bliley
Diaz-Balart
Largent
McDade
Molinari
Seastrand
Taylor (NC)
Vucanovich
Ward

□ 2016

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

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. ENGEL. Mr. Speaker, on the evening of May 22, 1996, I was recorded in the affirmative for rollcall vote 190. I should have been recorded in the negative.

LEGISLATIVE PROGRAM

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

Mr. ARMEY. Mr. Speaker, I take this time because I wish to give an explanation, and then ask a couple of unanimous consent requests.

Mr. Speaker, I am about to ask two unanimous consent requests. If they are agreed to, we would then proceed in consideration of H.R. 1227 for 30 minutes of general debate tonight. At that point we would rise from our work on the bill. We would move on then to resume general debate for the remaining hour on the bill and the remaining consideration of the bill beginning at 9 a.m. tomorrow morning, with the first vote tomorrow morning, with the exception of the possibility of a journal vote, we would expect would be around 10 or 10:30 a.m.

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

Mr. ARMEY. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Speaker, will there be 1 minutes in the morning?

Mr. ARMEY. Mr. Speaker, reclaiming my time, through consultation with the minority, we have agreed there will not be.

Mr. VOLKMER. One additional question: Will there be any other legislative business, other than the pending bill tomorrow?

Mr. ARMEY. I do not expect to conduct any other legislative business.

POSTPONING FURTHER CONSIDERATION OF H.R. 1227, EMPLOYEE COMMUTING FLEXIBILITY ACT, AFTER 30 MINUTES OF INITIAL DEBATE, UNTIL THE FOLLOWING LEGISLATIVE DAY

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 1227, pursuant to House Resolution 440, notwithstanding the order of the previous question, it may be in order after 30 minutes of the 90 minutes provided for initial debate on the bill, as amended pursuant to the rule, for the Chair to postpone further consideration of the bill until the following legislative day, on which consideration may resume at a time designated by the Speaker.

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

There was no objection.

HOUR OF MEETING ON TOMORROW

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourns to meet at 9 a.m. tomorrow.

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

There was no objection.

FURTHER LEGISLATIVE PROGRAM

Mr. ARMEY. Mr. Speaker, if I may just inform Members, this then is the situation: We have had our last vote for the evening. Those interested in general debate on H.R. 1227 may wish to remain, but the rest of us will be expecting a vote by 10 a.m. or so tomorrow morning.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3396

Mr. BARR of Georgia. Mr. Speaker, I ask unanimous consent that the gentleman from Florida, Mr. ALCEE HASTINGS be removed as a cosponsor of my bill, H.R. 3396, the Defense of Marriage Act. It should have read Mr. HASTINGS of Washington. I apologize to Mr. HASTINGS of Florida.

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

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3024

Ms. MCKINNEY. Mr. Speaker, I ask unanimous consent that my name be removed as a consponsor of H.R. 3024, the United States-Puerto Rico Political Status Act.

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

There was no objection.

EMPLOYEE COMMUTING FLEXIBILITY ACT OF 1996

Mr. GOODLING. Mr. Speaker, pursuant to House Resolution 440, I call up the bill (H.R. 1227) to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the rule, the committee amendment in the nature of a substitute, modified by the amendment printed in section 3 of House Resolution 440, is adopted.

The text of the committee amendment in the nature of a substitute, as modified, is as follows:

H.R. 1227

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

SECTION 1. This Act may be cited as the "Employee Commuting flexibility Act of 1990".

SEC. 2. PROPER COMPENSATION FOR USE OF EMPLOYER VEHICLES.

Section 4(a) of the Portal-to-Portal Act of 1947 (29 U.S.C. 254(a)) is amended by adding at the end of the following: "For purposes of this subsection, the use of an employer's vehicle for travel by an employee and activities performed by an employee which are incidental to the use of such vehicle for commuting shall not be considered part of the employee's principal activities if the use of such vehicle for travel is within the normal communing area for the employer's business or establishment and the use of the employer's vehicle is subject to an agreement on the part of the employer and the employee or representative of such employee.".

SEC. 3. EFFECTIVE DATE.

The amendment made by section 1 shall take effect on the date of the enactment of this Act and shall apply in determining the application of section 4 of the Portal-to-Portal Act of 1947 to an employee in any civil action brought before such date of enactment but pending on such date.

The SPEAKER pro tempore. Under the rule the gentleman from Pennsylvania, [Mr. GOODLING] and the gentleman from Missouri [Mr. CLAY] will each control 45 minutes.

Pusuant to the order of the House of today, the Chair intends to recognize the gentleman from Pennsylvania, [Mr. GOODLING], and the gentleman from Missouri [Mr. CLAY] for 15 minutes each, before postponing further consideration of the bill.

The Chair recognizes the gentleman from Pennsylvania [Mr. GOODLING].

Mr. GOODLING. Mr. Speaker, I yield myself 1 minute.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Speaker, the markup tomorrow on IDEA, will that be postponed because of the consideration of H.R. 1227?

Mr. GOODLING. Mr. Speaker, reclaiming my time, yes.

Mr. Speaker, H.R. 1227, the Employer Commuter Flexibility Act, was reported favorably by voice vote from the Committee on Economic and Educational Opportunities, and I am pleased that we are considering it tonight. It was introduced and shepherded by the gentleman from Illinois [Mr. FAWELL].

It is a simple, straightforward bill. It would clarify the Portal-to-Portal Act to assure that employees may use an employer provided vehicle to commute from the employee's home to the job site and back home without necessarily making the commuting time compensable under the Fair Labor Standards Act. The Department of Labor has issued inconsistent opinions, and employers and employees are ow uncertain as to whether such programs, which are mutually beneficial to employers and employees, can continue.

Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. FAWELL] the author of the legislation.

Mr. FAWELL. Mr. Speaker, I rise in strong support of H.R. 1227, the Employee Commuting Flexibility Act. As the primary sponsor of the legislation, I want to take a moment to explain the need for, and the effect of the bill.

H.R. 1227 would amend the Portal-to-Portal Act to clarify that commuting to and from work in employer-owned vehicles is not an activity for which an employee must be compensated. The need for such a clarification arose because the Department of Labor issued a misguided interpretation in the summer of 1994 which indicated that employees generally must be paid for time spent commuting between home and the job site in employer-owned vehicles. This is in contrast to employees commuting in their own vehicles who are not paid for commuting time.

Needless to say, Mr. Speaker, this interpretation threatened to disturb the longstanding practice in the petroleum, construction, and other service industries where employees use company trucks and vans for commuting. I might add that the ability to use company vehicles is strongly desired by employees in these industries. Although the Department of Labor subsequently backed off somewhat from their 1994 interpretation, a legislative clarification is necessary to avoid any future misinterpretation which could result in thousands of dollars of compensation claims against employers who allow employees to use company vehicles for commuting to and from work.

Mr. Speaker, in the spirit of compromise, I have worked very closely

with Congressman ROB ANDREWS in developing the final language of H.R. 1227. The bill, which was reported by voice vote from both subcommittee and full committee, includes two important protections for employees. The bill clarifies that the use of employer-owned vehicles by employees solely for the purpose of traveling to and from work will not constitute a compensable activity, provided that, first, the travel is within the normal commuting area for the employer's business or establishment; and second, the use of the vehicle is the choice of the employee and is based on an agreement between the employer and the employee or the representative of the employee.

Several of my colleagues have expressed concern that the legislation would somehow affect employee travel during the workday, such as between job sites. I want to make it very clear that the legislation will not affect any travel performed during the workday—it would still be a compensable activity under the provisions of H.R. 1227. Section 4(a) of the Portal-to-Portal Act, which this bill amends, applies only to activities which occur prior to the time on any particular workday at which such employee commences, or subsequent to the time on any particular workday at which he ceases the principal activity or activities. Thus, it is not necessary to repeat in H.R. 1227 that the language only applies to travel time which occurs at the beginning and end of the workday.

Mr. Speaker, I also want to take a moment to address several of the concerns which will be expressed by opponents of the legislation. First, they will claim that H.R. 1227 was originally described as seeking to do no more than codify the Department of Labor's April 1995 opinion letter. H.R. 1227 was introduced in March 1995, 1 month before the second Department of Labor opinion letter was issued, and is intended to clarify what has become a murky area of the law because of the first Department of Labor opinion letter which was issued in August 1994.

Opponents of this common sense bill will also argue that we are somehow undermining the rights of employees by permitting employers to force employees to use an employer-provided vehicle. Under the Fair Labor Standards Act, an employee is not permitted to waive their rights, nor is the employee's representative allowed to bargain or negotiate away those rights. If either of these situations were possible, then the protections afforded by the act would be compromised.

Hence the bill makes it clear that the use of the employer's vehicle is subject to an agreement between the employer and the employee or via a collective bargaining agreement. The ability of employees to use the employer's vehicle for traveling back and forth from home to work is voluntary in the sense that no employee must accept it. We did not, however, provide that the employee's use of the employer's vehicle could become a condition of employment. In some instances, it could, depending on the agreement between the employer and employee or the terms of a collective bargaining agreement.

On another point, H.R. 1227 states that activities which are merely incidental to the use of an employer-provided vehicle for commuting at the beginning and end of the workday are not considered part of the employee's principal activity or activities and therefore need not be compensable. We expect that the Department of Labor will provide guidance in this area, consistent with the purposes of H.R. 1227.

Communication between the employee and employer to receive assignments or instructions, or to transmit advice on work progress or completion, is required in order for these programs to exist. Likewise, routine vehicle safety inspections or other minor tasks have long been considered preliminary or postliminary activities and therefore not compensable. Merely transporting tools or supplies should not change the noncompensable nature of the travel.

Opponents may also claim that the legislation enables employers to transfer to employees the costs of maintaining the employer's vehicle. It is our intent that the employee incur no out-of-pocket or direct cost for driving, parking, or otherwise maintaining the employer's vehicle in connection with commuting in employer-provided vehicles. However, the employer shall not be responsible for unrelated expenses, such as an employee's tax liability under the provisions of the Internal Revenue Code which may result from the employee's personal use of the employer's vehicle or for traffic violations resulting from the improper operation of the vehicle by the employee.

Mr. Speaker, without belaboring the point, suffice to say the Employee Commuting Flexibility Act is a commonsense reform that I expect will receive broad support. In 99 out of 100 cases, employees enjoy the use of company vehicles to commute to and from their homes, as they have for many years, and have found it to be a convenient benefit that gives them great freedom in scheduling their workday. Employers too have appreciated the flexibility it gives them in scheduling work or deliveries for their customers.

Mr. Speaker, there are many to thank who have had a hand in ensuring the success of this legislation, and would particularly like to thank Chairman GOODLING for his support as this bill moved through the committee process; Congressman CASS BALLENGER, the chairman of the Subcommittee on Workforce Protections, for hard work in moving the bill forward; and Congressman ROB ANDREWS for his long-time interest in this issue and for his cooperation and input in working to arrive at this compromise.

The only way to permanently protect businesses and their employees from a misreading of the law is to clarify the statute to prevent any further confusion on this issue. H.R. 1227 will allow employers and employees to continue to enjoy the mutual benefits which result from the use of employer-provided vehicles for commuting. I urge my colleagues to support this commonsense reform legislation.

□ 2030

Mr. CLAY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, our Nation is undergoing tremendous economic change. We are moving into an age of great global trade and technological advancement, yet until today, the 104th Congress, a Republican-led Congress, has refused to deal with the most basic challenge we face, making sure that low-wage workers are not left behind in this new ever-expanding and ever-changing economy.

In 1993 and 1994, President Clinton and the Democratic Congress worked hard to give working people a tax break through the earned income tax credit. This was a downpayment on our commitment to the principle that no one who works full time should live in poverty. The time has now come to pay the second installment on that commitment; to ensure that the minimum wage is a livable wage.

The last time Congress voted to increase the minimum wage was in 1989. Among the Republicans voting for the increase were the Speaker and the soon to be former majority leader in the Senate. Since 1989, the purchasing power of the minimum wage has declined to its lowest level in 40 years. The overwhelming majority of Americans, Mr. Speaker, support the President's call to increase the Federal minimum wage above its current rate of $4.25 an hour.

My Republican colleagues are trapped on the wrong side of this issue. They are paralyzed by their own political and philosophical contradictions. The very same Republicans who call for drastic reductions in assistance to the working poor refuse to increase the minimum wage. Now that the Republican leadership can no longer resist the tide demanding a minimum wage increase, it has devised a political strategy to poison the water.

If this House adopts the minimum wage amendment, as we should, we will then face amendments endorsed by the Republican leadership that will deny the minimum wage to as many as 10 million Americans. If the Goodling small business exemption passes, we will see the proliferation of sweatshops and the exploitation of farmworkers.

Mr. Speaker, I ask my colleagues to reject this Goodling amendment.

Mr. GOODLING. Mr. Speaker, I thought we were on portal to portal.

Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina, [Mr. BALLENGER].

Mr. BALLENGER. Mr. Speaker, I am speaking on portal to portal, and today I rise in strong support of the Employee Commuting Flexibility Act, which will allow employees to continue to use company vehicles for commuting. This has been a common practice throughout many service industries, where employees can use company vehicles to commute between their homes and the job site.

In August of 1994, the Department of Labor took a position which penalized employers and employees who had worked out arrangements concerning the use of company vehicles. While the Department later backed away from that position, many employers are legitimately concerned about continuing to allow their employees to use company-provided vehicles for commuting. Given that the Department has had two varying positions on this issue within a relatively short period of time, the Employee Commuting Flexibility Act provides much-needed clarification on the intention of the law concerning employee use of such vehicles.

If employees must be paid for the time that they spend commuting to and from work each day, employers will be forced to eliminate these programs. Employees will then have to commute to work in their own personal vehicles. Not only will this be inconvenient for both parties, but for many employees it may mean the added financial burden of having to fuel, insure, and maintain their own vehicle for commuting.

The Employee Commuting Flexibility Act will allow employers and employees to continue with such mutually beneficial arrangements, so long as the arrangement meets certain conditions. First, the use of the vehicle would be subject to an agreement between the employee and the employer. Second, the vehicle must be used for travel within the normal commuting area for the employer's business or establishment.

The clarification provided by this legislation will enable employers and employees to continue with arrangements which meet these conditions. The employee receives the benefit of transportation and the company receives the benefit of the employee being able to go directly to the job site. Employees will not be exploited and the company will not be unduly burdened with expense. This is commonsense legislation and I urge my colleagues to support the bill.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from California, [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, the reason we are here today is because Americans working at the minimum wage need a raise. This is where they would be if the minimum wage were indexed for inflation; and, unfortunately, because it has not been raised, this is where American workers are today. They are back at a point where the minimum wage was many, many years ago in terms of its purchasing power.

Finally, after months of struggle, we have persuaded the Republican leadership to bring the minimum wage to the floor of the House and they have finally agreed to do that. But only last night did we discover, as they seek to bring the minimum wage to the House for a vote, that they also will make in order amendments that will take away the benefits of the minimum wage and repeal the benefits of the minimum wage for up to 10 million working Americans in this country who today work in some of the toughest occupations.

These are the people who work in the fields that bring the food to our table. These are the people who wait on us when we go to dinner, when we go out to breakfast and when we go to lunch, who work long hours. These are the people who work in sweatshops making our garments.

These are the people who will find, because of the nature of their employment, that they must move from job to job all of the time as the tasks change. They do not lack skills, they do not lack the ability or the desire to work, what they lack is the protection of the minimum wage if the Goodling amendment passes.

So while we see the Republicans trying to pretend they are offering the minimum wage, what we see, in fact, is they have structured the debate, they have structured the rule, and they have structured the amendments to this bill so that, in fact, they will try to uncover tens of millions of Americans from the opportunity to earn a minimum wage.

These are Americans who have chosen to go to work, who go to work every day, who end up at the end of the year poor, who end up at the end of the year eligible for food stamps, who end up at the end of the year eligible for housing, who end up at the end of the year eligible for the earned income tax credit. Why? Because through their labor they cannot earn a living wage. And now the Republicans seek to take that benefit away from up to 10 million Americans.

These are women who are working hard to support their families, these are single parents who are working hard to support their families, these are students working while they are in school, while they are in high school and while in college, working 20, 30 hours a week. And the Republicans would deny them the benefits of the minimum wage. They would do it cleverly. They would do it cleverly by rolling back the benefits and the guaranties they have today that when they go to work they would get the minimum wage.

The Goodling amendment must be rejected. We must have a clean up-or-down vote on the minimum wage. It must be increased. These hard-working Americans who have chosen work over welfare are entitled to the benefits of their labor. We should no longer continue to subsidize those employers who simply choose not to pay the minimum wage.

We just voted on an amendment that was to take care of the increased cost, if there are any, to paying the minimum wage for small businesses. Those were the tax breaks that this House just overwhelmingly passed. But now what are they doing? Now they are trying to provide low-income labor to those very same employers. We should reject the Goodling amendment.

Mr. GOODLING. Mr. Speaker, I yield myself 1 minute.

The first statement I would like to make is that there were 2 years under the President's leadership when had a majority in the House and the Senate that he only mentioned the minimum wage during that entire time either in committee or by saying that raising the minimum wage does not help the working poor. So I want to make that clear.

Second thing I want to make clear is, the $500,000 exemption has been something that has been a bipartisan effort for a long, long time. We have minimum wage exemptions. We have exemptions for small businesses in practically every piece of legislation, whether it is civil rights, whatever it may be. Those exemptions are in there.

And I would point out again that Mr. Espy offered almost the same piece legislation. It was cosponsored by 60 Democrats and 90 Republicans, some sitting in the audience right now who cosponsored it. I improved on it in making very, very sure, as a matter of fact, that it would not be retroactive; that we could not take money from those who presently had the money and are making those kind of wages. So I want to make very clear at this point.

Mr. CLAY. Mr. Speaker, I yield 30 seconds to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, what should be made very clear is that after years of expanding the coverage of the minimum wage to hard working Americans in agriculture and sweatshops and other employment, what in fact we are now doing is rolling back and repealing the benefits of the minimum wage.

So the gentleman is the first author of a minimum wage bill that is rolling back the benefits to people who are currently covered. All they have to do now is change their job and they lose the benefits of the minimum wage under his chairmanship.

So the hallmark of this Republican Congress is they are uncovering hard working Americans who currently earn the minimum wage from the coverage of the minimum wage protection.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Speaker, H.R. 1227 amends the Portal-to-Portal Act to allow employees to use company vehicles for traveling back and forth to work. It is a simple bill, and frankly, addresses an issue which the Congress of the United States should not have to be involved in. Unfortunately, the Congress is increasingly forced to become involved in activities which historically have been left to employers and employees to decide. Misguided and confusing interpretations of current law issued by the Department of Labor have made this necessary.

Many industries throughout the country provide company vehicles to employees for use during working hours, and allow the employee to use the vehicle to commute to and from work. This longstanding practice was threatened in 1994 when the Department of Labor decided that employees generally must be paid for the time spent commuting between home and the jobsite in employer-owned vehicles. Prior to this action, the long-settled rule under the Portal-to-Portal Act had been that commuting time, whether in a personal or company vehicle, was not counted as hours worked. So, for many years, this was a nonissue. But after the Department's action—which it later rescinded and replaced with another opinion—confusion and lawsuits reign, and employees lose.

Employees benefit by using a company vehicle to commute to and from work. It not only saves them time, but saves wear and tear on their own car, or allows another family member use of the car. Employees did not, and still do not, expect to be paid for driving back and forth to work.

This bill ensures that employers who use company vehicles to commute to and from work are not "on the clock" so long as there is an agreement between the employer and the employee, and the commute is within a normal commuting distance. I urge all of my colleagues to support this commonsense measure.

□ 2045

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from New York Mr. [OWENS].

Mr. OWENS. Mr. Speaker, this Employee Commuting Act is a cheap device being utilized to sabotage the effort to increase the minimum wage by 90 cents over a 2-year period. This Employee Commuting Act is one more attack on American working families. This is guerrilla warfare. It is an ambush of the workers. This bill forces workers to do work for which they are not paid. This bill allows employers to coerce employees into agreements to work without getting paid.

The number of workers who drive vehicles to and from work that are owned by the company may be relatively small, but the principle here, the principle at stake here is monumental when you consider the implications of forcing people to work without getting paid.

This act pilfers the wages of workers. This is a mandate for picking the pockets of defenseless workers.

Against this petty thievery, Democrats must rise again to defend American working families. For some reason, during this whole year, the Republicans have waged an onslaught on working families. They have attacked OSHA for the safety of workers. They have tried to establish teams that would replace unions. They have attacked the National Labor Relations Board. They have attacked Davis-Bacon.

For some reason the Republicans are determined to wipe out the gains that workers have made over the last 50 years. This is just one of many attacks. But this is a side attack, a guerrilla attack to pick the pockets. It is very petty but it is very damaging in terms of the precedent that it sets. If you let employers get away with forcing workers to work without getting paid on this occasion, on this particular set of circumstances, then you will do it again and again.

The minimum wage is what they really want to get. They want to cloud the issue, confuse the American public. A mere 90 cents increase in the minimum wage over a 2-year period, that is what is at stake here. The Republicans want to declare war on working families, in this case when it does not even involve the budget of the Government.

The Government will not be out one penny as a result of increasing the minimum wage. The minimum wage increase will not lead to a decrease in the number of jobs. The minimum wage has been increased in the State of New Jersey, and their industry has gone forward. They have more employment than ever before. They are prospering from the fact that they paying higher wages. Just as Social Security did not destroy the economy, just as the creation of the minimum wage bill, minimum wage act in the first place did not destroy the economy, just as all of the other benefits that workers have come to enjoy have not destroyed the economy but instead created a consumer class, a working class unlike anywhere else in the world, that has made our Nation prosper, the minimum wage will not hurt the economy.

The minimum wage will help working people on the bottom who very much need a raise. Minimum wage will help those people that you are throwing off welfare into work because they will have an opportunity to work for a decent wage.

America needs a raise and it needs it right now. We do not need these kinds of actions. The portal to portal bill takes wages out of the pockets of workers. I urge Members to reject this Employee Flexibility Act.

Mr. CLAY. Mr. Speaker, I yield 1 minute to the gentlewoman from Georgia [Ms. MCKINNEY].

Ms. MCKINNEY. Mr. Speaker, I take this opportunity tonight to oppose the Gingrich-Goodling amendment. I suppose we should have expected that the Republican leadership would not allow a vote to increase the minimum wage without first giving away the farm. The Gingrich-Goodling amendment, Mr. Speaker, would deny nearly 10 million American workers the right to earn the minimum wage and overtime pay, even though these workers have those rights today. Only in a Republican controlled Congress would we vote to increase the minimum wage 1 minute, then make 10 million workers ineligible for it in the next minute.

This amendment, Mr. Speaker, is little more than a cruel and cynical joke made at the expense of millions of working families. I urge my colleagues who support the minimum wage increase to oppose this antiworker amendment. From folks who oppose even the concept of a minimum wage, we really should not expect any better.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Speaker, our chairman is correct that we are debating H.R. 1227. That is the vehicle that is being used tonight and tomorrow to debate the minimum wage increase. After months of blocking Democratic attempts to vote on raising the minimum wage, Republicans have finally allowed a vote on the issue. But this move is not really intended to help those hard-working Americans. Republicans will attach this minimum wage increase to a proposal that is nothing but an attempt to satisfy special interest groups who join them in the months-long battle against raising the minimum wage.

The 80 percent of the American people who support a minimum wage need to know that the legislative vehicle that is being used today will exempt millions of hard-working people from the minimum wage and overtime pay. That is right, over 10 million people will not be eligible for a minimum wage increase. This is the Washington way of giving it to you with one hand and taking it away with the other.

Mr. Speaker, it is obvious that the Republicans really have no interest in providing working Americans the opportunity of a living wage. We should not allow this sham, this gimmick, this

fraud on these lowest paid hard-working American workers. Republicans do not care that the minimum wage has been on a fairly steady decline for the past 15 years. Today the minimum wage has fallen 45 cents in real value since the last increase in 1991. Five years ago there was the last minimum wage increase, and yet we have not seen an increase, and now we see this sham tonight.

Americans know that the real families exist on the minimum wage. It is hard to get by, when working full time does not even put enough money to stay off welfare. You have to earn money in your pocketbook to put food on the table. That is why Americans, 80 percent support an increase in the minimum wage. Republicans have a golden opportunity to give these hard-working Americans a clean minimum wage increase, but not if we adopt the Goodling amendment.

Mr. Speaker, I hope that we will have a clean minimum wage increase that will give these hard-working people an increase without exempting 10 million people from the minimum wage and also from the overtime protections that they have now.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. MCINTOSH].

Mr. MCINTOSH. Mr. Speaker, I rise in opposition to the effort to mandate a raise of the minimum wage because I think this effort, although it appears to be well-intended, ignores what I refer to as the victims of minimum wage folly. In my subcommittee, we held hearings last week in which we heard from experts, economists and real people who will be living with this law. I will insert the testimony into the RECORD.

Let me introduce you to two of the victims of this minimum wage folly. One of them is a woman named Melody Rane and her family. They have a family-owned Burger King in Eureka, CA. She will have to let off four full-time workers and eight part-time workers if we mandate an increase in the minimum wage.

Most of her workers do not stay on minimum wage. They come in untrained. They start at minimum wage. And within 6 months are making much, much more than minimum wage. But because of our mandate, she will have to reduce her employment, have fewer opportunities for some of the most vulnerable members of our society.

A second such person is at the far end, his name is Don Baisch. Don is pictured with his daughter Maya. Three years ago Don was on welfare. He did not have a job. Melody gave him his first job at her Burger King. He started out on minimum wage. Now 3 years later, Don is a working dad, supporting his daughter Maya as a manager in Melody's store.

He came and said:

Mr. Congressman, please do not raise the minimum wage because there are going to be future people just like me who will not have a chance to get off welfare. You think you may be doing the right thing, but for them it is wrong, and it will hurt them and deprive them of a chance to have a job.

We need to do what is right for working men and women. Tomorrow I will discuss a better way, a minimum wage tax cut. Unfortunately, we cannot vote on it, but let us not harm these people.

Mr. Speaker, I include for the RECORD the following information:

TESTIMONY BEFORE THE SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS—TUESDAY, MAY 14, 1996

STATEMENT OF MELODY RANE, BURGER KING FRANCHISE

Good morning. My name is Melody Rane and I am the mother of four children and, together with my husband, Jay, am the owner of two Burger King restaurants in Eureka and McKinleyville, California. I'd like to thank the Subcommittee for the opportunity to express, as a small business person, how the proposed increase in the minimum wage would affect our business and, most importantly, the young people we employ.

I have provided the Subcommittee with a written calculation of what the actual cost of the proposed minimum wage increase would be to our business. As you can see, our labor costs would increase by over $100,000.00 per year. This is more than we took together as a salary from our business last year, before taxes. Clearly, we simply could not absorb this loss, so would be faced with the following choices: 1) increase our prices (which would be against our better judgment, since reducing our Whopper to $.99 and selling meal combos three years ago has increased our sales by 30% and our profits by 15%); 2) lay off employees; or 3) increase prices moderately, so we can retain business, while laying off employees. The logical choice, and the one we would plan on executing, is the third. My guess is that most business owners would do the same, which would cause inflation—and then what good have we done anyone?

My biggest concern—and the reason I am here today—is the jobs for our youth. As a mother of three teenage sons, I think it is very important for these young people to experience working at a job where they can learn the importance of being productive members of our society. As you can see from my calculation, a lot of jobs would be lost from a minimum wage increase, just in our franchise alone. Our solution will be to raise prices for half of the increase and lay off workers for the other half. I will have to lay off a total of 4 full time workers or 8 part time workers. There are about 6,000 franchised Burger King restaurants in the United States, which would equate to an estimated 24,000 full time jobs or 48,000 part time jobs. We would be forced to layoff teenagers mostly, as they are almost always inexperienced and require more of the Manager's time to teach them good work ethics. Only the most productive and hard working people would survive the cut, because we would have to give the same service with less people.

When we first started our business 15 years ago, it took 16 to 18 people to work a busy Saturday lunch rush. Now, we use 12 to 14. With the last minimum wage increase, we went to self-service drinks. There is no avoiding the fact that a further minimum wage increase would mean even fewer job opportunities in our restaurants.

My point is that the minimum wage may be $4.25, but it is only a starting wage. My average hourly rate is $5.10 per hour today, and my fellow franchisees around the country also have comparable average wages, some much higher. Why not leave what's working alone and let the market drive the wages? A large number of the franchisees can't even get employees to come and work for $6.00 an hour, because often we are competing with the welfare system. What incentive does a person have to work a minimum wage job, whether it is at $4.25 an hour or $5.25 an hour, if they can make two or three times as much on welfare and not work at all?

I have asked an employee of ours to join me here and tell you his story. He was on welfare when he started working for us at the minimum wage. Now, he's a Manager for us making almost $20,000 a year. How many people will not get the opportunity he did if jobs are cut? In fact, every one of our managers started with us as an hourly employee with no experience making the minimum wage. Who stays at the minimum wage all their life?

It upsets us to see the media and others portraying small business owners as heartless people who care nothing about employees. I am very proud of the hundreds of young people who have worked for us through the years that go on and get bigger and better jobs. The real satisfaction we get is when they come back and thank us for the lessons we taught them about working, and how we made a difference in their lives.

In closing, I would just like to say that our industry serves a valuable purpose—we are the first rung on the ladder for many workers. We take pride in seeing them progress to the next, and the next, whether it be with us or with someone else.

Thank you.

STATEMENT OF DON BAISCH, MANAGER, EUREKA BURGER KING RESTAURANT

I was hired to work at the Eureka Burger King in May of 1993. I started at $4.25 an hour and after a few weeks I had proven myself to the management and was given a $.50 raise. Because of a rocky relationship with my wife, I quit and was rehired a few times, but when I found out that we were going to have a baby, I started getting serious about my job.

The manager wanted me to work more hours, but because I was on welfare and receiving financial assistance, my case worker told me that until the baby was born I could only work 25 hours a week or I would lose some of my benefits. After my daughter was born in March of 1994, I was allowed to work full time and I accepted a promotion to Crew Leader, starting at $5.25 an hour. A Crew Leader helps the manager on duty by making sure all the food prep is done, the breaks are all given out and that all cleaning list and check lists are done.

About 8 months after I became a Crew Leader I was offered an Assistant Manager job. I talked to my case worker to see what benefits I would lose, and she said that we would lose all of our benefits. Furthermore, she said that if the job didn't work out, we would have to reapply for all of our benefits again, which could take months. That did it for my wife—she refused to let me take the job. A few months later, in March of 1995, my wife and I split up and the Assistant Manager job was offered to me again. This time I took it.

Jay and Melody had to start me out at $1400.00 a month (this was $200.00 more a month than they normally started inexperienced managers) just to match my Crew

Leader pay and what I was receiving from welfare. The welfare system, at least in Humboldt County, discourages you from tying to get ahead. In fact, it discourages couples from getting married, because you can get more benefits if you are single, and the case workers tell you that. There needs to be a better way. They should gradually take it away, until you are finally on your own.

Jay and Melody, the managers and co-workers at Burger King believed in me and saw what I could not see anymore in myself, and I am very thankful for their help. Thanks to a minimum wage job opportunity, I am completely off of welfare now, and I have a self-esteem and pride again. I hope you think carefully about increasing the minimum wage, because it will provide less opportunities for people like me to turn their lives around.

APRIL 1–30 PAYROLLS

(1 High Volume Store, 1 Average Volume Store)

	Hours (a)	Gross Hourly Pay (b)	Avg. Hourly Wage (b÷a)
Eureka	4,276	$21,787	$5.09
McKinleyville[1]	3,314	$16,228	$4.89

[1] The McKinleyville store has a lower average hourly wage because it just opened in Oct. of 95. As the employees gain experience and get more raises this number will catch up with the Eureka store.

After a minimum wage increase of $1.00 per hour:

Eureka—4,276 hrs×$6.09=$26,041 an increase of $4,254.00 a mo.

McKinleyville—3,314 hrs×$5.89=$19,519 an increase of $3,291.00 a mo.

Total Payroll Increase for the month=$7,545.00.

Wage Increase×12=$90,540.

Added Employer FICA=$6,926 (7.65%).

Added Workers Comp=$3,395 (3.75%).

Total W/Added Taxes $100,861 and Insurance.

QUESTIONS FOR MELODY RANE

1. Roughly, how many people have you given a start with a minimum wage job?

2. What do you think will happen to those employees you will have to lay off if there is a minimum wage increase?

3. Do you expect other fast food chains around the country will have to do the same? [If so, your estimate that 24,000 full time employees or 48,000 part time employees will be laid off in Burger King restaurants can be multiplied many times for a grand total job loss in the fast food industry.]

QUESTIONS FOR DON BAISCH

1. Have you ever regretted taking your job at Burger King and getting off welfare benefits?

2. Do you believe welfare case workers discourage others from taking jobs so they can keep their benefits, like they did for you?

3. Do you believe that minimum wage jobs offer other people the same opportunities for success that your job at Burger King offered you?

[From the Wall Street Journal, Apr. 16, 1996]

THE MINIMUM WAGE TRAP

(By Bruce Bartlett)

President Clinton is asking Congress to raise the minimum wage by 90 cents over two years to $5.15 per hour, a 21% increase. In doing so, the president has challenged the widespread view among economists that an increase in the minimum wage will reduce jobs.

In 1981, the congressionally mandated Minimum Wage Study Commission concluded that a 10% increase in the minimum wage reduced teenage employment by between 1% and 3%. This suggests that between 130,000 and 400,000 jobs would be lost if the Clinton plan is approved by Congress. This estimate is confirmed in two more recent studies, by David Neumark of Michigan State and William Wascher of the Federal Reserve Board, and by Kevin Murphy of the University of Chicago and Donald Deere and Finis Welch, both of Texas A&M.

The Clinton administration counters by referring to the recent work of economists David Card and Alan Krueger, both of Princeton. Their studies of fast food restaurant employment in New Jersey and California after those states increased their state minimum wages found no evidence of job loss.

FLAWED DATA

However, flaws in the Card-Krueger data cast serious doubt on the validity of their conclusions. In a paper published by the National Bureau of Economic Research, Messrs. Neumark and Wascher reexamined the Card-Krueger data, which originally came from telephone surveys. Using payroll records from a sample of the same New Jersey and Pennsylvania restaurants, Messrs. Neumark and Washer found that employment had not risen after an increase in the minimum wage, as Messrs. Card and Krueger had claimed, but in fact had fallen.

A review of Mr. Card's study of California by Lowell Taylor of Carnegie Mellon University found that the state minimum wage increase had a major negative effect in low-wage counties and for retail establishments generally. Thus Nobel Prize-winning economist Gary Becker of the University of Chicago concluded that "the Card-Krueger studies are flawed and cannot justify going against the accumulated evidence from many past and present studies that find sizable negative effects of higher minimums on employment."

The fact is that virtually every major study that has ever been done has found significant job losses from an increase in the minimum wage, with the rare exception of those done by Messrs: Card and Krueger. (Mr. Krueger formerly served as chief economist for the Labor Department in the Clinton administration.) A survey of earlier studies by the General Accounting Office in 1983, for example, "found virtually total agreement that employment is lower than it would have been if no minimum wage existed."

But even if the minimum wage had no effect on overall employment, there are still strong arguments against raising it. First, it is important to understand that the impact of the minimum wage is not uniform. For 98.2% of wage and salary workers, there is no impact at all, because they either already earn more than the minimum or are not covered by it. However, for workers in low-wage industries, those without skills, members of minority groups and those living in areas of the country where wages tend to be lower, the impact can be severe. This is why economists have always found that the primary impact of the minimum wage has been on black teenagers.

In 1948, when the minimum wage covered a much smaller portion of the labor force, the unemployment rate for black males age 16 and 17 was just 9.4%, while the comparable unemployment rate for whites was 10.2%. In 1995, unemployment among black teenage males was 37.1%, while the unemployment rate for white teenage males was 15.6%. Moreover, the unemployment rate for black teenage males has tended to rise and fall with changes in the real minimum wage.

But current unemployment is just a part of the long-term price that entry-level workers of all races pay for the minimum wage. A number of studies have shown that increases in the minimum wage lead employers to cut back on both work hours and training. When combined with the loss of job opportunities, this means that many youths, especially among minorities, are prevented from reaching the first rung on the ladder of success, with consequences that can last a lifetime.

When people cannot get legitimate jobs, it is not surprising that they turn to crime and the underground economy. Studies by Massanori Hashimoto of Ohio State and Liad Phillips of the University of California, Santa Barbara, both show that increases in the minimum wage contribute to teenage crime. And a study by William Beranek of the University of Georgia found that the minimum wage encourages employment of illegal aliens, who are unlikely to report any violations of the Fair Labor Standards Act to the Labor Department.

Research also shows that the minimum wage is a significant factor in welfare dependency. A recent study by Peter Brandon of the University of Wisconsin, for example, examined welfare rates in states that increased their minimum wages in the 1980s with those that did not. In those that did, the average time on welfare was 44% longer than in states that did not. This is largely due to reduced employment opportunities for welfare mothers. In states not raising the minimum wage, half of welfare mothers worked during the years surveyed, while in states that raised the minimum wage only 40% reported working.

Intuitively, one would have expected a higher minimum wage to make work more rewarding for those on welfare. However, the interaction of the welfare and tax systems means that some working people are actually worse off after an increase in the minimum wage. Economist Carlos Bonilla of the Employment Policies Institute, an industry-funded group on Washington, D.C., found a dramatic example of this in California after its minimum wage rose to $4.25 from $3.35. After accounting for the phase-out of Aid to Families With Dependent Children, Medicaid and food stamps, and for federal, state and local taxes, Mr. Bonilla found that a single parent earning the minimum wage was $1,800 per year worse off after the increase.

Finally, the latest research shows that increases in the minimum wage encourage high school students to drop out, enticed by the lure of higher pay for unskilled work. This has the effect of reducing their lifetime earnings and displacing lower-skilled older workers at the same time.

LITTLE IMPACT

Given these kinds of effects, it is not surprising, therefore, that the minimum wage, has almost no broad impact on poverty or the incomes of the poor. Although some poor people are better off because they get higher wages, others are worse off because they lose their jobs. Thus one study found that the 22% increase in the minimum wage in 1976 added just $200 million to the aggregate income of those in the lowest 10% of the income distribution. Indeed, much of the benefit of the minimum wage actually goes to the well-off, whose children get paid more for part-time work.

Moreover, although proponents of a high minimum wage often talk about the difficulty of supporting a family on the minimum wage, only a very small number of workers earning the minimum wage actually do so. In 1993 only 22,000 men and 191,000

women nationwide maintained families on a minimum wage job, according to the Bureau of Labor Statistics. According to BLS data for 1985, 37% of minimum-wage workers were teenagers, probably living at home, and 59% were age 24 or younger. About 17% of minimum-wage workers are wives, and thus likely to be secondary earners, and 66% only work part time. These include students, the elderly with pension or Social Security income, and those simply looking for a little extra cash.

The case against the minimum wage is strong. In fact, the minimum wage should be abolished. Even the liberal New York Times has said so. As the headline on its Jan. 14, 1987, lead editorial put it: "The Right Minimum Wage: $0.00." Indeed, according to Robert Meyer of the University of Chicago and David Wise of Harvard, abolition would actually increase the aggregate income of youth in this country. Raising the minimum wage simply moves us further in the wrong direction.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, one is asked, why do we need a minimum wage? I just heard the reference to victims. I gather these people feel that they need the minimum wage, and 80 percent of the American people feel they need to increase the minimum wage.

First you need to increase the minimum wage because it is the fair thing to do. It is indeed fair to say that those who are employed at the lowest level are also employed at a livable wage. It says something about our economy.

Why is a livable wage needed? Well, it is needed to provide the very basic essentials of living: a shelter, food on the table, clean clothes, being able to take care of medical expenses, transportation, all those things that a human being needs to exist.

Again, we heard reference to the teenagers who are on the minimum wage. I would suggest to you there indeed are teenagers who are on the minimum wage, but they are supplementing their family's income. Many of them are working their way through college. Indeed, they have a right, as I have suggested to you, as the adults have in making a livable wage.

The adults are mostly women, single women heads of households who have a sole responsibility for their families. So who will be helped? A lot of people will be helped, if indeed we raise the minimum wage.

What are the Republicans doing? What is their answer to America's cry that we want to be fair, that we want to have an economy that says the least among us should have a livable wage and that the minimum wage should be increased. They put a minimum wage bill before this House, but yet they encumber it with the amendment that the gentleman from Pennsylvania [Mr. GOODLING] has.

Indeed, this is a unique way to offer something by offering it and taking it back. Indeed, now more than 10 million people who were covered under the 1991 increase in the minimum wage will not now be covered. In fact, the current law covers at least 10 million people who will not be covered. This is unfair, Mr. Speaker. We should reject the Goodling amendment.

The SPEAKER pro tempore (Mr. WALKER). The gentleman from Missouri [Mr. CLAY] has 1½ minutes remaining, and the gentleman from Pennsylvania [Mr. GOODLING] has 2¾ minutes remaining. The gentleman from Pennsylvania [Mr. GOODLING] has the right to close the initial debate.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Speaker, I think it is too bad that we have what I would call extremism here as we try to talk about something I hope more rationally. When we talk about the fact that the Goodling amendment, for instance, is going to cause some 10 million people, for instance, to lose coverage under minimum wage, I can only shake my head.

I would refer my colleagues to the fact that over 200 Members of this Congress, including being led by Mike Espy, a member of the other side of the aisle, a short time ago pointed out that before the passage of the minimum wage law back in 1989, there was $362,500 annually, that is, businesses grossing less than $362,500 were granted exemptions. That was extended and increased to $500,000 at that time, but there was a mistake made. Mike Espy pointed out the mistake that was made.

Mr. CLAY. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. ENGEL].

The SPEAKER pro tempore. The gentleman from New York, Mr. ENGEL, is recognized for 1½ minutes.

Mr. ENGEL. Mr. Speaker, I want to say there is no clearer issue in my opinion that defines the difference between Democrats and Republicans that raising the minimum wage.

It has been clear. We on the Democratic side have tried for months and months to try to get a clean minimum wage raise, a lousy 90 cents an hour from $4.25 to $5.15. What have we gotten from the majority, the Republicans from the other side of the aisle? We have gotten stalling, delaying, all kinds of tactics.

Now we finally get a bill and we have all kinds of things to hurt workers rather than to help workers, to exempt people from the minimum wage, all kinds of tricks and all kinds of nonsense.

We asked for a clean minimum wage bill, a clean bill that would clearly say that the minimum wage ought to be raised from $4.25 to $5.15 an hour. Eighty percent of the American people agree that the minimum wage ought to be raised, including 70 percent of Republicans. But the Republican leadership has been against it. And they have not allowed us to have a clean up or down vote on the floor.

□ 2100

What could be easier or more simple than a clean up or down vote on whether the minimum wage should be raised 90 cents an hour? People have said here time and time again that the buying power of the minimum wage is at a 40-year low. All we are saying is that people who are working, people who are working people, they are not on welfare, they are not looking for a handout; they are working people, they deserve to be paid at a higher level.

We should reject the amendments, and we should have a clean vote on the minimum wage.

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

The SPEAKER pro tempore (Mr. WALKER). The gentleman from Pennsylvania [Mr. GOODLING] is recognized for 1¼ minutes.

Mr. GOODLING. Mr. Speaker, tonight, of course, we were talking about an Employees Commuting Flexibility Act which really helps working people. I can remember as a superintendent I said to the school board, "Give me transportation, give me a car to go back and forth to work. That way Uncle Sam can't take any increase I get away from me because I will have transportation," and that takes care of a big expense for many people.

So that is what we are talking about tonight.

I was amazed. It sounded like we had a bidding war going on over there. We had 5 million, 10 million, we are up to 30 million. I guess tomorrow it will even get higher.

Mr. Speaker, I would hope that tomorrow we give a little consideration to the fact that the Congressional Budget Office has said that a 90-cent increase could produce unemployment losses from 100,000 to 500,000 jobs. Now, we better think about that. These are the most vulnerable people we have in our society, and so I would hope that when we get back tomorrow on track that we will consider those 100,000 to 500,000 so that we consider all Americans.

As I said, they are the most vulnerable, and when we move in to try to create more jobs, it is going to be small businesses that are going to promote those jobs and create those jobs. So we better think seriously about that.

Mr. STOKES. Mr. Speaker, I rise in strong support of the minimum wage increase amendment to H.R. 1227, the Employee Commuting Flexibility Act. If America is to live up to its pledge of being a great nation that will provide every individual citizen an opportunity to earn a decent living, we must raise the minimum wage. An increase in the minimum wage is the primary means of helping working Americans in today's society.

The current Federal minimum wage of $4.25 per hour is at its lowest level in real terms in nearly 40 years. This devaluation of the minimum wage has kept millions of our Nation's workers at the poverty level. The loss of buying power is contributing to the growth of an underprivileged and underpaid class in America.

The 10 million Americans working at minimum wage would take home another $1,800 a year if we approve this 90 cent increase for American workers. The Department of Health and Human Services estimates that if we raise the minimum wage, as many as 300,000 families could be lifted above the poverty line, including over 100,000 children.

Over 66 percent of minimum wage workers are adults and 40 percent of these adults are the sole providers for their families. Yet, despite these facts, detractors have charged that an increase would primarily benefit teens living at home.

In 1989, the Congress faced a situation similar to the debate we now face. The minimum wage in 1989 was $3.35 and its real value had fallen to its lowest level since 1955. Legislation was passed and signed by President Bush to increase the minimum wage by 90 cents. This legislation was supported on a bipartisan basis. It is time once again for Congress to step forward and protect the earning power of those at the bottom of the wage scale by raising the minimum wage.

Mr. Speaker, it's been 5 years since America's minimum wage workers got a raise. The proposed minimum wage is a logical step in our efforts to enable families to be productive and self-supporting. The time has come for Members of Congress to take this one small step toward economic justice. I urge my colleagues to raise the minimum wage.

The SPEAKER pro tempore. All time in this part of the debate has expired. Pursuant to the order of the House of today, further consideration of the bill will be postponed until tomorrow.

COMMUNICATION FROM THE HONORABLE JOSEPH M. McDADE, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable JOSEPH M. McDADE, Member of Congress:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, May 13, 1996.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule L (50) of the Rules of the House of Representatives, that Michael Russen, a Field Representative in my Scranton, Pennsylvania District Office has been served with a subpoena issued by the U.S. District Court for the Eastern District of Pennsylvania in the case of *United States v. McDade.*

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the precedents and privileges of the House.

Sincerely,

JOSEPH M. McDADE,
Member of Congress.

COMMUNICATION FROM THE HONORABLE RICHARD A. GEPHARDT, DEMOCRATIC LEADER

The SPEAKER pro tempore laid before the House the following communication from the Honorable RICHARD A. GEPHARDT, Democratic Leader:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, DC, May 7, 1996.

Hon. NEWT GINGRICH,
Speaker of the House, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to Section 637(b), Public Law 104–52, I hereby appoint the following individuals to the National Commission on Restructuring the Internal Revenue Service: Mr. Robert Matsui, California; Mr. George Newstrom, Virginia.

Yours very truly,

RICHARD A. GEPHARDT.

APPOINTMENT AS MEMBERS TO THE NATIONAL COMMISSION ON RESTRUCTURING THE INTERNAL REVENUE SERVICE

The SPEAKER pro tempore. Without objection, and pursuant to the provisions of section 637(b) of Public Law 104–52, as amended by section 2904 of Public Law 104–134, the Chair announces the Speaker's appointment to the National Commission on Restructuring the Internal Revenue Service the following Members on the part of the House: Mr. PORTMAN of Ohio and from private life: Mr. Ernest Dronenberg of California; Mr. Gerry Harkins of Georgia; and Mr. Grover Norquist of the District of Columbia.

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. COLLINS of Georgia). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

HUMANITARIAN AID CORRIDOR ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, this evening, the Appropriations Subcommittee on Foreign Operations is marking up the fiscal year 1997 appropriations bill for our international assistance and export financing programs. Yet, ironically, we just learned yesterday that President Clinton has waived one of the most important provisions in the fiscal year 1996 Foreign Operations bill: the Humanitarian Aid Corridor Act. The Corridor Act, which was included in the fiscal year '96 bill with broad bipartisan support, prohibits U.S. assistance of any kind from going to a country that impedes the delivery of humanitarian aid to a third country. I think most Americans would just assume that such a basic condition would apply to any recipient of U.S. aid, but it isn't.

Mr. Speaker, this legislation is really targeted at the Republic of Turkey, which has maintained a cruel and illegal blockade of neighboring Armenia for the past 3 years. This blockade has prevented the delivery of food, medicine and other humanitarian relief supplies—much of it originating in the United States—from reaching Armenia. The most direct route for aid to Armenia is through Turkey. Thus, the Turkish blockade makes it far more difficult and expensive for relief supplies to reach the people of Armenia.

Turkey is a country that has received billions of dollars of United States aid. They are a military ally of the United States, part of NATO. Yet here is Turkey, a large and militarily powerful nation, maintaining a stranglehold on Armenia, a tiny land-locked country. This is shocking outrageous behavior. Last year, Congress finally said to Turkey: enough. If Turkey wants to continue to benefit from American generosity, they must open their border with Armenia and let the long-suffering people of Armenia get the assistance they need and deserve—assistance which Congress has voted to provide to Armenia, as well assistance originating from private sources.

Unfortunately, the law gave the President authority to waive the requirement that Turkey open its borders based on, "the national security interest of the United States." Quietly, President Clinton last week invoked the waiver.

Mr. Speaker, I have often come to the floor of the House to support the policies of this administration. But tonight, I am completely disappointed and perplexed by the administration's action.

First of all, Congress wasn't even notified. We learned about the waiver almost by accident—from, of all people, the Turkish Foreign Minister Emre Gonensay, who is here in Washington on a working visit. In response to a question at a press conference yesterday the Foreign Minister announced that the waiver had in fact been granted. Thus, we see the Turkish Foreign Ministry was informed before the U.S. Congress. This is completely unacceptable. Given the strong statement of congressional intent, we believe it would have been appropriate for the administration to have advised Members of Congress of its plans with regard to the waiver, and I hope the administration will consult with Congress on this issue in the future.

A further disappointment is that the language in the Presidential Determination contains no reference to the Turkish blockade of Armenia. Failure to at least mention the blockade in the

context of the determination to waive the Corridor Act sends the disturbing signal that the United States is not concerned about the ongoing, illegal blockade of a small country striving to establish democracy and a market economy. I once again call on the administration to make a top priority of imploring the Turkish Government, the recipient of so much United States aid, to lift its blockade of Armenia and accept Armenia's offer to normalize relations without preconditions.

Tomorrow, I am sending out a Dear Colleague letter asking Members to join me in signing a letter to the President expressing our opposition to the waiver and urging that all efforts be made to lift the blockade.

Mr. Speaker, while relations with Turkey are important, I cannot accept the view that maintaining good relations should entail turning a blind eye to the outrageous actions committed by Turkey. Given the generosity the United States has shown toward Turkey, we have every right to attach some conditions—particularly such a basic condition as allowing the delivery of aid to a neighbor in need. I believe such a condition should be a basic requirement for any recipient of U.S. aid, and I think most Americans would agree.

Armenia is a small, land-locked nation dependent on land corridors through neighboring countries for many basic goods. Armenia has been one of the most exemplary of the former Soviet republics in terms of moving toward a Western style political and economic system. The Armenian people respect and admire the United States. There are more than one million Americans of Armenian ancestry. The bonds between our countries are strong and enduring. But the people of Armenia face a humanitarian crisis which is not the result of any natural disaster but the deliberate policy of its neighbor to choke off access to needed goods from the outside world. I believe the exertion of U.S. leadership can play a major role in easing tensions and promoting greater cooperation among the nations of the Caucasus region. Enforcement of the Humanitarian Aid Corridor Act must be an important component of those efforts.

Mr. Speaker, last year I founded the Congressional Caucus on Armenian Issues, which I co-chair with the gentleman from Illinois [Mr. PORTER]. We now have 49 Members from both parties and all regions of the country. The support for the Armenian people is strong in this Congress, and we will continue to challenge the pro-Turkish lobby here in Washington and, if necessary, the administration, to fight for stronger ties between the United States and Armenia.

WHY WE MUST RAISE THE MINIMUM WAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. MILLER] is recognized for 5 minutes.

Mr. MILLER of California. Mr. Speaker and Members of the House, today we have been discussing the minimum wage, and the reason that we have been discussing the minimum wage is that since the last time the minimum wage was increased in 1989, it has fallen 45 cents of real value. Employers that were paying the minimum wage in 1989 are now paying 45 cents less in real value than they were paying back then.

The fact of the matter is that the minimum wage is 27 percent lower than it was in 1979. That means that those families, those individuals that go to work every day at the minimum wage, are poorer now than they were in 1989 and in 1979. Those families, those individuals, need a raise. To argue that putting these people back to where they were in 1979, in 1989, is going to somehow put people out of work or destroy jobs is ludicrous. In fact, what has happened is that employers have been benefiting now for more than a decade of the decline in the minimum wage.

Mr. Speaker, the reason that we have to increase that minimum wage is because we are trying to continue to encourage people to choose work over welfare, but work should pay, work should pay a livable wage, and we have an obligation to see to it. The minimum wage is a basic tenet of this country of recognition of the dignity of work, of recognition of the dignity of those individuals who go to work every day and try to earn a living for themselves and for their families. I would hope that we would raise that minimum wage for those individuals.

But we must also understand that when we raise the minimum wage, we reduce the burden on the American taxpayer who is having to subsidize those very same low-wage jobs where employers refuse to pay the minimum wage or above the minimum wage.

□ 2115

Because when in fact we keep the minimum wage as it is today, we increase the subsidies to these same workers because they are eligible for food stamps; because if you work full time at the minimum wage, you are not above the poverty level, and if you have children or a spouse, you are clearly not above the poverty level, so the Federal Government digs into its pocket, into the taxpayers' pocket, and puts money on the table for AFDC, puts money on the table for food stamps, puts more money on the table for housing allowances, more money on the table for the earned income tax credit. Why? Because many employers choose not to pay the minimum wage, even when they can afford to do so.

But the Republicans now will offer an amendment tomorrow that is even more insidious. It will take those employers who are paying the minimum wage today and exempt them from paying it in the future. It will have the potential of uncovering up to 10 million Americans who are currently eligible for the minimum wage today from not receiving it in the future: Women who work in sweatshops making garments for American citizens, the clothes on your back; the people who work in the fields of this country to put food on your table; the people who wait on you when you sit down to a table in a restaurant, who spend the whole day working on their feet and tending to our needs and our demands and our desires. They would be uncovered. They would have the benefits of the minimum wage reduced or repealed to them.

It is argued very often that this is going to destroy employment in those industries like the retail industry; that somehow retailers who do not want to pay the minimum wage, saying they cannot afford paying the minimum wage, would lay many workers off.

It is rather interesting that those people who make their living by making investments in various segments of our economy, Salomon Brothers, one of the largest investment banking companies in this country, says that they believe that many retailers, especially discounters, would benefit from an increased minimum wage due to the enhanced purchasing power that it would create for many low-income consumers.

Then they go on to recommend that if you are going to make an investment in stocks right now, they would recommend the Fred Myer Corp., the Food Lion Corp., the Home Depot Corp., Sears, Roebuck, & Co., and Wal-Mart. They would recommend some of the very same companies that are now fighting the minimum wage, because they say that these companies in fact receive an economic benefit, because Salomon Brothers recognize, as Henry Ford did, if you did not pay a decent wage to the workers of America, they could not buy the products they are making. That is why he paid them $5 a day.

Other manufactures and industrialists criticized him roundly, but be recognized that if you expect people to buy your products at Wal-Mart, if you expect people to buy your products at Sears, if you expect them to dine out at Denny's if you expect them to participate in the American economy, they have to earn a livable wage. These people are entitled to it. They are entitled to it.

But what we see is after months, after months of beseeching the gentleman from Georgia, NEWT GINGRICH,

and the Republicans to bring the minimum-wage bill to the floor, they have finally agreed to do it, because 80 percent of the people in this country support the minimum wage. Then they want to put an amendment in order to take it away from up to 10 million Americans. It is not fair and it is not right. It ought to be rejected.

THE FACTS ABOUT THE MINIMUM WAGE

The SPEAKER pro tempore (Mr. COLLINS of Georgia). Under the Speaker's announced policy of May 12, 1995, the gentleman from Arizona [Mr. HAYWORTH] is recognized for 60 minutes as the designee of the majority leader.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague, the gentleman from California [Mr. MILLER] for offering us an object lesson this evening in the politics of symbolism and in the Washington shuffle, for my friend, the gentleman from California, has many gifts, among them an eloquence and a trust always in the role of government.

But there are a few questions worth asking. For example, Mr. Speaker, if this were such a good idea, if the inflation tables that my friend, the gentleman from California, just brought forth as some sign of economic erosion, if that were so true, why then, 18 short months ago, when the roles in this Chamber were reversed, why then did not the gentleman from California, or under the old order, the Speaker of the House, or under the old order, the former majority leader, the gentleman from Missouri, now the minority leader, why, with the liberals in control of this Chamber and firmly ensconced at the other end of Pennsylvania Avenue, why did they not then offer an increase in the minimum wage? Why this newfound outrage? Why this Washington shuffle?

It is a question worth asking, because once again, Mr. Speaker, as I stand in this well, I am absolutely confounded, not by the so-called gender gap that many of the media mavens and self-appointed potentates inside this Beltway would tell us about, but about the very genuine credibility canyon, a huge gulf that separates the rhetoric from the reality of the left, because there is a clear difference between the words uttered tonight and the tone of the action demanded tonight from that which this same administration proffered less than 2 years ago.

In fact, Mr. Speaker, let us see what the President said, in his own words. Time Magazine, February 6, 1995, even in the wake of the historic shift in this Chamber, President Clinton: "It," referring to raising the minimum wage, the President's own words, "It is the wrong way to raise the incomes of low-wage earners," These are the words of the President of the United States, who has, once again, waffled and changed his mind.

Indeed, the chairman of the President's own Council of Economic Advisors, Joseph Stiglitz, wrote this. It appears in his 1992 textbook on economics:

> Only about 10 percent of people in poverty work at jobs that pay at or near the minimum wage. Thus, the minimum wage is not a good way of trying to deal with the problems of poverty.

That is what Professor Stiglitz said. Chairman Stiglitz has gone the other way.

Empirical data that exists of families in poverty: Out of every four families in poverty, only one-quarter, one out of every four families in poverty, would be eligible for an increase in the minimum wage. Families in poverty ineligible for an increase in the minimum wage, three out of every four, or 75 percent. We must understand, further, that indeed a minimum-wage increase should be retitled "The Job-Killer Act of 1996."

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

Mr. HAYWORTH. I gladly yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, I think it is very important to realize that as the Democrats focus on minimum wage, they are completely ignoring the job cycle. I am going to read some statistics on that. But it is real interesting to me to listen to some of the comments that have been made from the other side of the aisle tonight that are just totally off-the-wall. One speaker from North Carolina said that we need to increase the minimum wage to $5.25 an hour in order that people can pay for shelter, food, and transportation. That is $10,000 a year.

I do not know what it is like in Arizona, where you live, but I know in Georgia you cannot do it on $10,000 a year. The complete representation that there are people making minimum wage and they are the sole breadwinner of the family is totally off base. The statistics are as follows: 66 percent of the people making minimum wage are part time. Thirty-nine percent are teenagers. Only 2 percent are over 30 years old, but those who start working today for a minimum wage on a national average will be making $6.05 an hour a year from now.

But that minimum wage is the opportunity wage. It is the salary that you start with when you are unskilled and you move your way up the ladder. I started working for $1.60 an hour at the International House of Pancakes when I was a student. I started making a minimum wage later on at $2.50 an hour working construction. But in both cases, I was the raw product. I needed the training.

I asked some teenagers, inner city teenagers in Georgia recently who were up here, I said, I know all of you guys are going to be looking for jobs this summer. Let me ask you a question. You are probably going to work on a construction crew, maybe in a yard maintenance crew, maybe in a restaurant. Let us talk about a restaurant. How many of you know how to work a buffing machine? None. How many of you know how to work a cash register? None. How many of you know how to replace a bag of milk into a milk cap for a restaurant? None. None of you know that. You don't have much experience. They said, no, I guess we don't.

I said, I think you have a lot of experience. Here is where your experience is: You know how to say, "Yes, sir," and "No, ma'am." You know how to show up on time. You know how to work hard and stay a little bit later, and put in that extra effort, and maybe when you finish your job, go over and help the other person finish his job. that is your experience, and that is what the employer is looking for.

He will teach you to you how to run the cash register and the buffing machine, but he is going to hire a heck of a lot more of you if he can get you for $4.25 and hour versus $5.15 an hour. Here were some high school students who understood that simple economic principle, that they wanted the job. Hey, the salary sounds great, but if you do not make it, it is like yourself, you are an athlete, you had an opportunity to play pro football.

Mr. HAYWORTH. No, I was recruited as right tackle, I ended up as left out. I want to be accurate with respect to my athletic career.

Mr. KINGSTON. It was the team's loss, I am sure. But I know in your situation if you had made pro football, you would have made $200,000 or $300,000 a year. That was a great salary, but you did not get the job. It is just like these students, the $5.15 an hour is great, but if the job does not exist anymore, it does not matter.

Here are some statistics that have been put out by the Employment Policies Institute, which is a nonpartisan institute. In your home State of Arizona, increasing the minimum wage is estimated to cost 8,900 jobs that will be gone. In my State of Georgia, 18,000 jobs are at risk; Kentucky, 12,000; California, 63,000; Montana, 2,800; Ohio, 28,000; Texas, 60,000. This is economic data. This says these are the numbers of jobs that will be lost.

Mr. HAYWORTH. Mr. Speaker, if I might inquire of the gentleman, and first of all an observation, I am glad the gentleman's first job was at the International House of Pancakes. Had it been at the Waffle House, you might be in line for a job with the administration, considering the fact that they waffled on so much of this.

But when so much attention is paid to California, electoral vote-rich California, let us put it in perspective so

the campaigner-in-chief can understand full well, for the benefit of our friend at the other end of Pennsylvania Avenue; could the gentleman find the figure on how many jobs? I know almost 9,000 jobs in my home State of Arizona, but since it takes the mention of the big C. California, to get the attention of my other friends busy electioneering, tell us how many jobs would be lost in the State of California, if you have that information?

Mr. KINGSTON. Mr. Speaker. Again, I am going to say it again, because this is not from the Republican Study Committee, this is from the Employment Policies institute, which is nonpolitical, nonpartisan, the increase in the minimum wage in California will cost 63,100 jobs, 63,100 less jobs in the State of California by increasing the minimum wage.

You know what is so interesting, as I hear the champions of increasing the minimum wage talk, under the pretense of compassion for the minimum wage worker, what is the bottom line thing?

□ 2130

There is an undercurrent here. You know what it is? it is arrogance. You know what it is really saying? "You do not have the capability to get a raise yourself. You need me in Congress to increase your salary because you are too incompetent. We know you are going to be trapped at the minimum wage forever because you do not have the ability to move yourself up the economic free enterprise ladder."

That is what the theme is that we are hearing from the Democrats. They are basically saying this entire section of the population is not passing through the minimum entry wage but that they are stuck there permanently, and there is a high degree of arrogance in this debate that never even gets mentioned.

Mr. HAYWORTH. Reclaiming my time, I think my friend from Georgia again is absolutely correct, for it is the fundamental irony that there is a supposition or a presumption emanating largely from the liberal side of this Chamber which would purport that those with entry-level jobs in the work force, the youngsters of whom you spoke earlier from your hometown of Savannah, Georgia, or people, young people living in the east valley around Mesa or Scottsdale, Arizona, or throughout the Sixth District of Arizona, that somehow once they take a job they are destined to be trapped at the very lowest rung of the economic ladder.

Yet what we have found time and again, if people show up on time, if they work hard, if they do a good job, that is simply the entry level. They climb the rungs of the economic ladder. To somehow dismiss that, and always rely on the worst-case scenario or supposition that people are chained inexorably and always to the lowest rung of the economic ladder, betrays either the arrogance of which the gentleman spoke, the arrogance of the alleged competence of big government and a bureaucracy, or a fundamental misunderstanding of business, that productivity and hard work and old-fashioned gumption, a phrase my friend from Georgia may use from time to time, old-fashioned gumption will be rewarded with an increase based on an increase based on an increase in productivity.

Let me yield to my friend again.

Mr. KINGSTON. When I was earning the minimum wage and my fellow workers were earning the minimum wage, we never, never once thought about writing our Congressman to get a raise. What we thought about doing was working a little bit harder, staying a little bit longer, getting the job done a little bit faster, and there through the capitalist system, we got paid.

It is too bad that our friends on the other side of the aisle seem to hate capitalism and seem to hate and have a true contemptuousness for free enterprise. But let me tell you, now some of them are very shrewd, and here is why.

One other component that is missing from this debate is the fact that many States, such as Hawaii, such as New Jersey, have a State minimum wage already that is higher than the existing Federal minimum wage. The Federal minimum wage is $4.15 an hour. Hawaii's minimum wage, State minimum wage, is $5.25, and New Jersey's is $5.05.

What is happening, when businesses are looking to move a plant to Hawaii or to New Jersey, they say, "Well, that entry level salary is a little bit high, I think I can do better moving to another State," and then New Jersey is losing them. So what happens is we have got these States saying, "Yes, we need to increase the minimum wage because we are at a competitive economic disadvantage because of our own State's policies." We are not hearing that in here, so this is not altruistic. We need to get the cards face up on the table about that.

Mr. HAYWORTH. Indeed, if the gentleman will yield, I could not help but notice the frequent citation of alleged poll numbers, and just the inherent retail action not of sound economic policy but retail politics at work here.

Again, and I know the gentleman preceded me by a term here in Washington, but I cannot help but be struck by the false symbolism and the legislating for a therapeutic effect, a symbolic effect that in essence, as we have seen time and again, as we see in reports from the Progressive Policy Institute, as we read in the comments of the President's own Chairman of Economic Advisers, ultimately will kill jobs.

It is an incredible irony. Small wonder then that I refer to this alleged minimum wage increase as the job killer act of 1996.

I yield to my friend.

Mr. KINGSTON. In fact, I think the gentleman from California said this will actually help the middle class from having higher taxes. It is kind of like "Hello, is anybody home in there?" Because I do not follow that. If I go into a fast-food restaurant today and they cannot squeeze out any more jobs, then my french fries and hamburgers and Coca-Colas are going to go up, along with the goods and services I get from everywhere else, from health care to groceries. The middle class, one more time, will get stuck with this.

I want to kind of bridge this. As we are talking about the middle class, maybe we should talk about welfare reform, since we have a lot of news in there today. We have two different approaches on welfare reform, from the conservative point of view and from the liberal point of view.

We have a President who promised to apparently extend welfare as we know it, and President Clinton currently has vetoed two welfare reform bills, and to date I think has now endorsed a bill that allows welfare benefits for felons. So as I said, the President seems to want to extend welfare as we know it.

I hear over and over again from middle class people that they are tired of the giveaway programs when they are out working 40, 45, 50, 55 hours a week and more, busting their tails, and then they have got able-bodied people who refuse to work because of the generous welfare benefits.

The President vetoed a bill that required able-bodied recipients to work 20 hours a week. As I go to the civic clubs in Georgia, I say, "How many of you worked 20 hours a week and provided for your families?" Not one hand goes up. And I think I will ask the gentleman from Arizona, can you make it at 20 hours a week in Arizona?

Mr. HAYWORTH. Of course not.

Mr. KINGSTON. Certainly not. And do you think it is unfair to ask able-bodied welfare recipients to work 20 hours a week?

Mr. HAYWORTH. It is not unfair at all. In fact, it is the beginning of true compassion.

Mr. KINGSTON. And that is what I am hearing from the middle class. They are saying if somebody is desperate, let us help them out. We are Americans. We are compassionate. But if they are just lazy and they are refusing to work, why should I put in my overtime to pay him to sit on the porch?

Mr. HAYWORTH. As my friend from Georgia points out, ofttimes in Washington-speak we hear of the safety net for those in society who truly are unfortunate, for those who through circumstances beyond their own control, with physical challenges, with economic traumas that exist, who truly

need a safety net. But the sad fact is, by failing to end welfare as we know it, this President again has ensured that the safety net becomes a hammock for the very people who should be at work.

Indeed, as the gentleman from Georgia is well aware, again in this election season, last Saturday the President of the United States chose to talk about real welfare reform that is being instituted in the great State of Wisconsin under Gov. Tommy Thompson. But the interesting thing is that President Clinton, while granting a couple of waivers to Wisconsin for revolutionary changes in that system, when Wisconsin wants to make further changes, he endorses the general concept but he has yet to come across with the real waivers. I champion our colleagues on this side of the aisle from Wisconsin who earlier today challenged the President of the United States to extend those waivers needed to take the next rational step in real welfare reform in Wisconsin.

But of course, as my friend from Georgia knows, it was the plan of this new majority to go one better than all of that, to allow States not to apply for some waiver from those who would be seemingly omniscient or omnipotent here on the banks of the Potomac, here within the Washington bureaucracy, but instead be free to solve the problems themselves.

I yield to my friend from Georgia.

Mr. KINGSTON. I hate to interrupt you when you are on your 10-dollar-word roll here.

Mr. HAYWORTH. That is correct. I will yield some time to drive up the price.

Mr. KINGSTON. What they want is a Medicaid and Medicare waiver and a welfare waiver is when a State says, "We want to take the poverty resolution program back in our own hands without having Washington mandate it," I want to make sure that people understand that that is what we are talking about.

Mr. HAYWORTH. I thank the gentleman for that clarification.

Mr. KINGSTON. The Governor from Wisconsin says, "We have a new plan. We want the waivers from Washington so we can implement it."

Mr. HAYWORTH. It is really the game of "Mother, may I?" Or perhaps translated, "Uncle Sam, may I?" "Washington bureaucrats, may I?" "May we make those changes?"

Well, a legitimate debate can continue on the role of the Federal Government, but when we have adopted policies that continue to concentrate power and authority in Washington, in the hands of bureaucrats instead of in the hands of duly elected officials, then we have serious problems. So it is really the wrong question for States to have to ask "Mother, may I?" or "Uncle Sam, may I?"

In fact, the change should be that those States should be free and empowered to do the right thing in their own way. And we are joined by our good friend from California, Mr. HUNTER.

Mr. HUNTER. I thank the gentleman for his very articulate demonstration or description of what Federal Government should not do, and that is to impose on the American people at every level of life. What I think is ironic is the fact that there are a few things that the Federal Government should do that it is not doing, and one of those things is the defense bill that we have just put on the House floor.

I can recall, as the chairman of the Subcommittee on Military Procurement in the Committee on National Security, asking the services to come into my office along with my Democrat counterpart, the ranking minority member, the gentleman from Missouri [Mr. SKELTON]. IKE and I sat there and asked the services, under the Clinton administration's budget, whether or not they had enough basic ammunition, enough bullets to fight the two-war scenario that they have to fight if America is going to be secure; that is, perhaps to be engaged in a war in the Middle East, like the one against Saddam Hussein, but to have enough ammunition and enough supplies to take on, for example, the North Koreans, if they should take advantage of a war in the Middle East to come down the Korean Peninsula.

So we asked the people who are in charge of the ammunition supply if under the Clinton administration's budget they had enough basic ammo, enough bullets to fight what we are going to require them to fight. And the Marines, the Marines always being candid, said, "No, frankly not, Congressman." So we asked them for a list of what they needed, and they came up with an inadequacy, a requirement of 96 million M–16 bullets that they were short under President Clinton's defense budget for the job that we will call on them in time of conflict to do.

So here is an administration that is getting into every aspect of people's lives, but the one aspect that the Constitution charges them to be concerned about and to carry out, which is to defend the country, they are not doing. I was absolutely amazed when we got this list of everything from basic M–16 rounds.

In fact, the gentleman, my friend from Arizona and my friend from Georgia, may have seen me carrying around an empty ammo pouch, a U.S. Marine ammo pouch to symbolize the M–16 bullets. They are short howitzer rounds and down to that basic M–16 bullet.

Mr. KINGSTON. Mr. Speaker, would the gentleman yield a little bit?

Mr. HUNTER. I would be happy to yield.

Mr. KINGSTON. Being an expert on defense, one of the things we hear quite often is Americans under U.N. command. Last year, as I recall, we passed a bill that said Americans would not serve under U.N. command or wear U.N. uniforms. Was that vetoed?

Mr. HUNTER. That bill was vetoed.

Mr. KINGSTON. I thought it was vetoed. So here we have a President who has vetoed Congress, which on a bipartisan basis said no more Americans serving under U.N. command.

□ 2145

Mr. HUNTER. That is right. The President vetoed the bill. One of the articulated reasons was that he did not like that inhibition on what he thought were his Commander-in-Chief powers.

Mr. KINGSTON. Let me ask you another question, if I may. Now, in terms of globe trotting and playing police officer of the world, what about the War Powers Act? Have you strengthened that in your bill, or weakened it, because I share the concern. We are in Somalia without a mission. We are in Haiti, the mission is still undefined. We are in Bosnia. We have a mission for each month of the year.

So what is happening in your bill on the War Powers Act, which says that the President cannot commit American troops overseas for more than 90 days without congressional permission?

Mr. HUNTER. Actually there is not a substantial revision of the President's powers, because most of the President's powers come under the Constitution. The President is the Commander-in-chief of the Armed Services.

So if you are worried about the Marines having enough ammo, you can go to Congress and you can get enough ammunition. That is what the Marines did. If you are worried about the safety record of the planes that have been crashing recently, you can come in and ask for the safety upgrades, which the Clinton administration had not wanted to fund, but we did under the Republican leadership.

But if you want to have a Commander-in-Chief who is not going to lead your young Marines and soldiers out from a new adventure every 3 or 4 weeks, you are going to have to change one thing, and that is the Commander-in-Chief. So the only answer for the American people for that one is to get a new Commander-in-Chief.

But on that point, it is true that if you ask the Commandant of the Marine Corps, he told us that the young Marines today have a higher personnel tempo; that is they have to leave their families more often and go out to some part of the world under this President's foreign policy, that at any time since World War II. You have more people leaving home, being deployed for long periods of time, than at any time since World War II.

Mr. KINGSTON. Now, you mentioned the Commander-in-Chief. Is the Commander-in-Chief a member of the military?

Mr. HUNTER. Well, funny you should bring that up. I saw something that I thought was an April Fool's thing. Today there was an article in the paper that said that the President was asking for protection under the Soldiers and Sailors Relief Act from being sued civilly. I thought that was one of those things that they were bringing out a kind of an April Fool's thing, kind of a satire. But I understand it is true, that he is actually saying that he as Commander-in-Chief qualifies for the Soldiers and Sailors Relief Act, since he is in the military, because he is the head of the Armed Services, and therefore this lawsuit in Arkansas cannot touch him. I was amazed.

Mr. KINGSTON. Which lawsuit is that? There are several.

Mr. HUNTER. The lawsuit, I understand it is, what, a sexual harassment lawsuit by a young lady in Arkansas. But to me that is not what is the jarring point of this. To me what is the jarring point of this is that the President would invoke the Soldiers and Sailors Relief Act when he is not a soldier or a sailor, and in fact when he at one point made that statement that he loathed America's military.

Mr. HAYWORTH. Indeed, if my friend from California would yield, I will include in the RECORD a story that appeared in this morning's Washington Times by Brian Blomquist, and to set this in perspective, Mr. Speaker, for those who joined us in the Chamber tonight and for those who join us nationwide and worldwide via C-SPAN, let me read and quote directly from the article that appeared in this morning's Washington Times on the front page by Brian Blomquist.

President Clinton has provoked a furor by asserting in legal papers that as Commander-in-Chief, he is in the military and a sexual harassment lawsuit against him must be postponed until his active duty is completed.

The chairman of the House Committee on Veterans Affairs is gathering signatures from other Congressmen to send a letter to Mr. Clinton criticizing his latest defense in the lawsuit brought by former Arkansas employee Paula Corbin Jones.

In papers filed a week ago, Mr. Clinton seeks to defer the lawsuit under the Soldiers and Sailors Relief Act of 1940 which grants automatic delays in law suits against military personnel until their active duty is over.

Mr. HUNTER. Would the gentleman yield on that point?

Mr. HAYWORTH. Let me finish this one sentence. It is worth reminding folks: "Mr. Clinton maneuvered to avoid military service in 1969 during the Vietnam War."

I will end the statement there and include the entire article at this point in the RECORD.

[From the Washington Times, May 22, 1996]

CLINTON DODGES SUIT, SAYS HE'S IN MILITARY

CRITICS FUME AT COMMANDER IN CHIEF

(By Brian Blomquist)

President Clinton has provoked a furor by asserting in legal papers that as commander in chief he is in the military and a sexual-harassment lawsuit against him must be postponed until his active duty is completed.

The chairman of the House Veterans Affairs Committee is gathering signatures from other congressmen to send a letter to Mr. Clinton criticizing his latest defense in the lawsuit brought by former Arkansas employee Paula Corbin Jones.

In papers filed a week ago, Mr. Clinton seeks to defer the lawsuit under the Soldiers' and Sailors' Relief Act of 1940, which grants automatic delays in lawsuits against military personnel until their active duty is over.

Mr. Clinton maneuvered to avoid military service in 1969, during the Vietnam War.

A petition filed May 15 says, "President Clinton here thus seeks relief similar to that which he may be entitled as commander-in-chief of the armed forces, and which is routinely available to service members under his command."

The petition was filed before the Supreme Court by Clinton attorney Robert S. Bennett. Mr. Bennett said the criticism is misleading because the 1940 legislation is a minor element of Mr. Clinton's claim that he should be immune from civil suits while in office.

"If you read [Mr. Clinton's 24-page petition] through the first time, you would miss" any reference to the law, he said.

The petition cities the law as an example of when a public official—say, a servicemen on active duty who is being sued by his wife—can argue that the legal action must be delayed, Mr. Bennett said.

"The president is on duty 24 hours a day, and you could literally tie up a president in lawsuits all the time," he said.

Mr. Bennett acknowledged Mr. Clinton's petition does argue that if the 1940 law is applicable to a sergeant, it should be applicable to the commander in chief. But "we're not pushing that argument," he said.

Mrs. Jones is suing Mr. Clinton for sexual harassment, contending she was approached by an Arkansas state trooper in 1991 during a trade show at a hotel and asked to go to Mr. Clinton's suite.

She says she went and engaged in small talk with Mr. Clinton, who was then Arkansas governor, before he exposed his genitals and asked her to perform a sex act.

The Supreme Court could decide as early as next month, or as late as September, whether to accept the case, Mr. Bennett said.

The claim on behalf of the president ignited immediate fury from veterans and their advocates.

"You are not a person in military service, nor have you ever been," House Veterans Affairs Committee Chairman Bob Stump, Arizona Republican, wrote in a letter he is sending to Mr. Clinton.

"Bill Clinton was not prepared to carry the sword for his country, but has no hesitancy in using its shield if he can get away with it," said J. Thomas Burch Jr., chairman of the National Vietnam Veterans Coalition.

Mr. Stump and Rep. Robert K. Dornan, California Republican, called Mr. Clinton's legal tactic "a slap in the face to the millions of men and women" who have served. Their letter was circulated to members of Congress last night. Mr. Dornan is chairman of the House National Security Committee's military personnel subcommittee.

The two congressmen urge Mr. Clinton to "take the honorable course" and withdraw the military-service argument.

"By pursuing it, you dishonor all of America's veterans who did so proudly serve," their letter said.

Federal law defines a person in military service as any member of the Army, Navy, Marine Corps, Air Force or Coast Guard, or any officer of the Public Health Service detailed by proper authority for duty with the Army or Navy.

The law does not explicitly include the commander in chief. Article II of the Constitution gives the president authority over the military as commander in chief.

But the president is a civilian, not a military officer, which wartime Presidents Woodrow Wilson and Franklin Roosevelt recognized, according to the Congressional Research Service of the Library of Congress.

In 1950, the Surrogate Court of Dutchess County, N.Y., was asked to rule on a claim by Roosevelt's survivors, who sought tax benefits on the grounds that he died in the military.

The court rejected the claim, stating unquestionably that the president is a civilian.

Mr. Speaker, I yield to my friend from California.

Mr. HUNTER. If the gentleman will yield, I appreciate him yielding. This is one of those things where even though the gentleman who is in the White House is of another party, you hope when you read a story like that, that it is not true, that he has not tried to do this, because the Soldiers and Sailors Relief Act was passed for one reason, and that was because GI's, like Audie Murphy, were going over to foreign theaters and were expected to go because we were on the verge, we were getting into World War II, and we knew people would be leaving for 1, 2, 3, 4 years at a time. Some of them might never come back.

The last thing that you wanted for a veteran who was overseas fighting in Europe or later on in Asia or in other places was to have a lawsuit filed against him in American courts while he was off fighting in the jungle someplace, and since he was unaware of it, have that lawsuit basically turn into a judgment for lack of response from the soldier or sailor who did not even know it was being filed, and have that judgment end up taking away his farm or his house or something else.

It was meant to give relief to America's fighting men who were overseas fighting for their country, and women, I might add. So people like the women who were ferrying planes for Jackie Cochran's WASPS in World War II, the women who took planes back and forth to Great Britain, had the same type of relief.

So for a sitting President of the United States, who is surrounded by lawyers, who never stepped a foot overseas during the conflict in which he said he loathed the military, for him to cloak himself in an act that was designed to keep basic American soldiers from losing their farm while they were off fighting and were not available to answer a court summons, is absolutely a misuse of this act.

Here is a President who has got wall-to-wall lawyers. My gosh, I am sure the American Trial Lawyers will lend him

a couple, since he saved their back on a number of occasions. I just hope, there are some times you say "I do not care if he is Democrat or Republican. I just hope he did not do that." I hope this is a farce, that this is not true, that somebody pulled an April Fool's joke on this reporter.

Mr. HAYWORTH. I thank my friend from California. I would share his sentiments. But, as with many occurrences in the last few days, the last few months, the last 3 years, it is not an April Fool's joke, it is the absolute truth.

I would like to pause at this juncture to salute my colleague from the great State of Arizona, the dean of our delegation, the chairman of the Committee on Veterans' Affairs, BOB STUMP, who is one of the workhorses here on Capitol Hill. "Stumper" is not a show horse. He is the dean of the Arizona delegation, who came to this institution under the other party's label, but who as a clear, common sense conservative, has been unwavering in his support of our Nation's defense, unwavering in his commitment to improving the lot of the Nation's veterans, and who stands here not, not to try and heap scorn or abuse on the office of the Presidency, but to make very clear that while it is not the job of Congress to pass judgment in a legal proceeding, a civil proceeding in a court of law, it is important for the Congress of the United States to speak out when a law that is intended for active duty personnel is co-opted, is twisted, is turned, for the convenience of a civilian Commander in Chief, by the gentlemen in the so-called legal profession whose job it is to search out technicalities.

Mr. HUNTER. If the gentleman will yield just briefly, there is no one more qualified to raise this question, because the great BOB STUMP that you just spoke of, who is a dear friend and one of the finest people in this House, and is pure gold with respect to national security and veterans issues, BOB STUMP left his family at the age of 17 in World War II and joined the United States Navy, probably the youngest sitting Member in this body or the other body to have joined the military.

That is what this law was for. The Soldiers and Sailors Relief Act was for the BOB STUMPs of the world, so when they went off for 2 years or more, they would not lose their farm because of a lawsuit that they did not even know about which came to a judgment while they were gone. He is the kind of guy that this law was passed for, right where we are standing in this body, in those very dramatic years just before Pearl Harbor.

So it is appropriate that the dean of the Arizona delegation, BOB STUMP, and I might add another very fine person and a very fine Member of this body and a very excellent pilot also, a former Member of the United States Air Force, ROBERT DORNAN, the Chairman of the Subcommittee on Personnel of the Committee on National Security, who is joining Mr. STUMP in this challenge to the way the President has misapplied a basic act that was meant to protect people who went off to serve their country.

Mr. KINGSTON. If the gentleman will yield, I wanted to kind of go over to another topic. While we are on the legal profession and revising things, if we may, I want to talk about our criminal justice reform efforts, to keep the streets of America safe. It gets back to the same thing of twisting the laws and using it as a vehicle, rather than using it for is intended purpose of justice.

But about 2 years ago, I had a call from a family telling me that a man who raped their daughter was about to get out of prison. Here were the circumstances. Their daughter actually is a grown woman. She was giving her 3-year-old a bath one day, the doorbell rings, and she does not answer it. The next thing you know, the back door gets kicked in and a man comes in, and here is a woman with a 3-year-old bathing the 3-year-old. And the rapist says, "You cooperate with me and the kid doesn't get hurt."

Needless to say, she cooperated. But, fortunately, they found out who the man was and they arrested him and so forth, and he was sent to jail for 10 years. Well, as it turns out, 3 years later, he is getting out. The family was calling me because they had been put on notice he was about to get out of prison.

One of the things that we had done to make our streets safe is to require truth in sentencing, so that thug rapists like this gentleman, and, frankly, I think 10 years is a light sentence, but if he served the sentence for 10 years, he serves 10 years. Our Republican bill gives States money for new prison construction as long as they have truth-in-sentencing laws, which I think is one of the keys to have our streets of America safe. Because I am very concerned about the American middle class, and particularly the women who are home alone many hours, or who are out by themselves, and are subject to these attacks of rape. I believe that we need to continue those efforts as a party.

Mr. HAYWORTH. I would share the sentiment of the gentleman from Georgia and make one amendment to that in terms of oft times when we get into the style of debating here on the floor, we refer to each other as a gentleman. I dare say this rapist does not qualify as a gentleman. He qualifies as a convict, as a sexual predator, and one who should not be back out on the streets to assault that family again, or any other family.

Well, not only do we need truth in sentencing, we need truth in government. Good people can disagree from time to time on philosophical approaches. But as a newcomer to this body, and I am so glad to have friends like the gentleman from California, who has spent some time here, who has come here rallying around the cry of strong national defense and a true notion of fiscal conservatism and a commitment to protect this Nation's borders, but I would like to ask my friend from California, in the wake of his time in this Chamber, has he ever seen a time when the debate has ranged so far from honest philosophical disagreements to epithets and name calling and playground taunts, and to be charitable and, quite frankly, to adhere to the rules of the House and basic decorum, a departure from fact, as we have seen in the wake of the frustration of this new liberal minority in response to the positive agenda of our new majority?

Mr. HUNTER. I thank the gentleman for placing the question so well. I will tell you what I think has been the biggest faux pas, the biggest mistake, the biggest blunder that liberals have made on the floor this year and have made in speeches throughout the country, and this goes all the way from the White House right down to the people that run the political operations at the grassroots, and that is the liberals have constantly said and they have constantly misstated the fact with respect to what Republicans are trying to do, to rescue the Medicare problems that we have in this country and the Medicare program from bankruptcy.

What I guess bothers me the most is the idea that you had an American President whose own cabinet members helped to bring about a report of the Medicare Trust Fund that said Medicare is going broke. We have got to do something about it. So Republicans came in with a plan that increased Medicare spending some 40 percent over the next number of years, but increased it from about $4,700 to about $6,200, increased it substantially, yet cut out waste, cut out fraud, cut out abuse, and offered a range of options to our senior citizens.

In an issue that was that sensitive and that important to the American people, and particularly our moms and dads and our grandmothers and grandfathers, the decision was made at the White House just not to tell the truth, to tell a lie. So when we increases Medicare spending 40 percent, the gentleman at the White House, Bill Clinton, right down to the grassroots level of liberal leaders in this country, would say, almost in unison, almost chant, "This is a cut, this is a cut, this is a cut." And we would get up and say "Wait a minute. We are increasing Medicare spending. We are increasing Medicare spending. Is that a cut?" They said, "We do not care where you are going, that is a cut."

□ 2200

And they scared literally millions of senior citizens.

Mr. HAYWORTH. And, indeed, to revise the numbers in the wake of negotiations with the Senate, indeed it has been our goal to raise Medicare spending per beneficiary beyond $4,700 this year to upwards of $7,300 in the revised plan, working in concert with the new majority in the Senate. So we have even added more.

But what we have tried to do is restrain the rate of growth in the program to more than twice the current inflation rate, which we think is being prudent because it adds again as much as the current rate of inflation even while offering free market solutions.

And, again, as the gentleman from California points out, we are constantly met by what seems to be the sloganeering and a perverse catechism, if you will, or a chant and mantra that these are cuts, these are cuts; they are coming for seniors. And, again, nothing could be further from the truth.

But there is another development, and I would be happy to yield to my friend from California.

Mr. HUNTER. You know what this is like? This is like the Democratic leadership yelling fire in a theater that is crowded with senior citizens, making them stampede toward the door. It is absolutely unconscionable.

Mr. HAYWORTH. I believe the analogy is apt, and I believe there is a new development which we should share with the American people, reported first by our good friend from Texas, BILL ARCHER, chairman of the House Committee on Ways and Means, a gentleman who has his finger on the pulse of economic activity in this country, a gentleman who wants to bring about meaningful reform to our system of taxation that currently absolutely penalizes people who succeed, and this is the development.

I am sad to say this is really the message that can only be borne with a certain amount of trepidation and fear, and it is this: Those self-same trustees on a bipartisan basis now report to us, though the White House has yet to formally release this report, they now tell us that the hospital fund for Medicare is in debt in excess of $4 trillion.

So, in essence, what has happened, to draw on the history of ancient Rome, we have a lot of folks pulling out their fiddles to play while the program is going up in flames, all because of the cynical manipulation and electioneering that some of this Chamber would do to try and succeed in the next election instead of trying to truly save the program for the next generation.

And, indeed, to the credit of those media outlets, ofttimes referred to by this gentleman in the well and others as the liberal media, even The Washington Post, even The Washington Post, on its editorial page, referred to the shameful scare tactics of the left as Mediscare, Medigoguery. It is unconscionable.

Again, I suppose it comes down to this fundamental difference, and perhaps this is where philosophy comes back in, because it is a philosophical division that is borne of the practical application of political power, or the absence thereof on the left, and it is this: Today we are confronted by a minority in this body, in the wake of the historic shift in attitudes, that is so jealous of the power it once wielded, that so yearns for that political power that it will say anything, claim anything, scare anyone in its pursuit of power, and yet try to conceal the fact that now Medicare is already operating at a deficit to the tune of $4 plus billion this year.

Mr. KINGSTON. If the gentleman would yield.

Mr. HAYWORTH. Glad to yield to my good friend from Georgia.

Mr. KINGSTON. My mom and dad are on Medicare, and probably your parents are, if you are fortunate enough to still have your parents. The fact is it is a 1964 Blue Cross/Blue Shield plan. I would like my parents to have all the options available in 1996. If they want to have a medical savings account, if they want to have a managed care plan, if they want traditional Medicare, if they want a physician service network, I want them to have that option and I want that health care to be there for them tomorrow.

Our plan increases their benefit from $5,000 to $7,000. And we need to move in a direction where they do have a choice, they do have options, but the program is protected and it is there not just for their generation but for other generations that follow.

Mr HAYWORTH. I think the point is very well taken.

My friend from California.

Mr. HUNTER. If the gentleman would yield, I want to bring up one other subject for just a minute, if the gentleman will indulge me.

Mr. HAYWORTH. Gladly.

Mr. HUNTER. We had a number of Armed Services hearings this year, or national security hearings in the Committee on National Security, and we had the Joint Chiefs before us, and we had the Secretary of Defense, Mr. Clinton's Secretary of Defense, Bill Perry, before us. I asked all of them a question to lead off the hearing, and I tried to keep fairly consistent and put it to them early on in each hearing, and I asked Mr. Perry, Dr. Perry, Bill Clinton's Secretary of Defense, this question: Do we have the ability in the United States to stop a single incoming ballistic missile coming into one of our cities? And the answer that is on the record for everybody to read is, no, we do not have the ability to stop a single incoming ballistic missile.

Now, I think it is kind of significant that he would say that this year, because after the gulf war, when we had so many of our soldiers who were injured by the Scud missiles that Saddam Hussein launched at us, people in this Chamber and people in the Senate went into a frenzy, and we immediately passed a resolution that said we shall have a defense against a limited ballistic missile attack against the United States by 1996.

We said that right after the gulf war in 1992. Well, it is now 1996 and we have nothing to defend the American people against incoming ballistic missiles.

Now, it is true that the Russian empire, the Soviet empire has been broken up, and Belarus and Kazakhstan and the Ukraine and Russia are not separate states, but the Russians still maintain a very strong strategic system. They have ICBM's, SS–18's, they have SLBM's which are their missiles launched from submarines, and, of course, they have their bomber aircraft. But many other nations are now developing missiles.

We live in an age of missiles. The Chinese are developing long-rang missiles. Some of them are targeted at American cities. We raised a fuss over China intimidating Taiwan just before their elections. Remember, the Chinese started shooting missiles over Taiwan to scare them. One of the Chinese diplomats said to one of our diplomats, we hope the United States does not decide to back Taiwan too strongly. We think that they will prize Los Angeles more than they will Taiwan.

Now, that was a direct threat of a missile attack. And perhaps a missile attack would never come from china, but the fact that they were using the threat of a missile attack that we know we cannot defend against as a means of pushing their foreign policy and keeping us from protecting our friends is a very dark day in American diplomatic history.

The North Koreans now are building what is known as a Taepo Dong II missile. We have seen pictures of it. Our intelligence people know about it. It has between a 4,000- and 6,000-kilometer range, and a kilometer is about a thousand meters. That means that that weapon system, with a light load, a biological weapons load or a chemical load will be able to reach Hawaii and Alaska, which, the last time I looked, were part of the United States.

We are not doing anything under this President to build a defense against incoming ballistic missiles. So on the defense bill last year, and the gentleman in the well from Arizona, who is a great supporter of national security, and the gentleman from Georgia [Mr. KINGSTON], both supported very strongly the Republican position that said to the President build and deploy by the year 2003, it is about 7 years, and it will take about that long if we start right now, a defense against a limited attack of nuclear weapons, of ICBM's. Ballistic missiles.

Well, the President vetoed the defense bill and he vetoed it for two stated reasons. One was the reason Mr. KINGSTON spoke of; that he wanted to reserve the right to turn American troops over to the United Nations in time of conflict when he wanted to do that; and, second, he vetoed it because he did not want to build a defense against ballistic missiles.

So we have repackaged that directive that we think is very, very important. And I think this is just as important. It is as important that we recognize that we live in an age of missiles, as when Billy Mitchell taught us in the 1920's by sinking those battleships with aircraft, that we lived then in an age of air power. There was a major constituency in Washington, DC, with its head in the sand that said, we do not ever want to believe that we have moved out of the age of naval power. We do not want to accept that we live in the age of air power.

They wanted to court-martial Billy Mitchell, and we did court-martial him, I believe, in 1925.

Mr. KINGSTON. He had one vote for him.

Mr. HUNTER. He did have one vote and that was Douglas MacArthur. And, incidentally, I was trying to tell that story today, and our good friend CHARLES BASS looked up and said, "I know. He is my uncle." So we do have among us the great nephew of Billy Mitchell, CHARLIE BASS.

Mr. KINGSTON. And what Billy Mitchell was trying to accomplish was to show that America was not prepared.

Mr. HUNTER. Precisely.

Mr. KINGSTON. And he did it at the risk of his own military career. And I think history will show that he had his heart in the right spot.

But I find it appalling, as somebody who is on the east coast near a Trident submarine base. The gentleman is telling me that a ballistic missile can be dropped in Saint Marys, GA, and we cannot do anything about it? I want to hear him say that again.

Mr. HUNTER. The gentleman is asking the question that many Americans have asked or believe they have answered for themselves and believe that we can defend against an incoming ballistic missile attack.

I have had a focus group where my constituents said, yes, we think we are defended. Why would not our Government defend us against ballistic missiles? And we had to tell them no, you are not defended.

So the answer is no. And Mr. Perry was very honest. The Secretary of Defense is honest when you ask him a direct question. He said no we cannot stop a single incoming ballistic missile coming into an American city.

Mr. HAYWORTH. I just think this is a vital point to bring up, and I thank the gentleman from California in bringing it up.

In all candor, Mr. Speaker, I thank the Secretary of Defense for being equally candid to tell us that today we are vulnerable to a missile attack from anyone anywhere in the world, a rogue nation, a leader gone mad, one of the folks or one of the nations which we would feel would be our conventional adversary, if you will. We are unprepared.

I would simply remark that Mark Twain said it first and said it best. "History does not repeat itself, but it rhymes." And here we have a parallel in our history where we need to be warned not to scare people but to alert people to a threat to our common defense, and one that we have the technology to solve if we but bring the willpower to solve it.

And the executive branch, quite frankly, this administration, as custodian of our foreign policy and as custodian of our defense policy has been lackluster at best. Indeed, I recall a breakfast sponsored by my good friend from California during our transition, before I ever took the oath of office in this House, when I asked Dr. Perry what was the rationale for this Government even thinking of supplying nuclear reactors to the outlaw nation of North Korea. And the secretary replied to me, oh, you need a better briefing on that.

No briefing necessary to know that it is not in the interest of the United States of America to supply any nuclear reactor to an outlaw nation like North Korea. It defies common sense, it defies logic and it is part of the ill-advised circumstance foisted upon the American people who, unfortunately heretofore, have been unaware of the danger in which we find ourselves if we fail to provide for the common defense.

My friend from California is absolutely right, and before the American people, Mr. Speaker, jump to a conclusion that we are talking about some sort of boondoggle in the billions upon billions of dollars, I would yield again to my friend from California to talk about some interesting estimates that we have received in reference to building a system that is leaner and keener with new technologies. What are the estimates we have now?

□ 2215

Mr. HUNTER. The gentleman is absolutely right. We can build a missile defense system for less than 1 percent of the annual defense budget. I might add, the annual defense budget has been reduced by $100 billion under what it was when Ronald Reagan faced down the Soviet Union in the 1980s. But for roughly $5 billion, that is the estimate of Dr. Perry, Mr. Clinton's Secretary of Defense, we can build this defensive system; $5 billion is less than our Aegis destroyer program. It is less than our submarine program. It is less than our bomber program. It is less than our F-22 program. And it is the only thing that will stop incoming ballistic missiles. We need that system.

The Defend America Act that the gentleman is cosponsoring, that Mr. KINGSTON is cosponsoring and that Mr. SPENCE, the chairman of the Committee on Armed Services, Mr. LIVINGSTON, chairman of Appropriations, and our Speaker NEWT GINGRICH are sponsoring, will be on the floor shortly. Every single Member of this Congress, especially those who all signed on to the Defend America Act after Desert Storm, after the Scud attacks, should sign onto this bill and vote for it.

Mr. HAYWORTH. Indeed, we should point out, as the gentleman from California is well aware with his knowledge of international policy, of foreign defense spending, that this President has committed to help Israel construct a defense mechanism, to put in place a defense mechanism against ICBM attack which begs the question, with all due respect to the nation of Israel, if it is important for that nation, is it not also important for the country which the President took the oath of office to support, uphold and defend the Constitution of the United States, should not this country also have that missile defense?

Mr. HUNTER. The difference between the gentleman who is standing in the well and a member of the Knesset is that he can say, the gentleman from Israel can say, my President is defending me against missile attacks, and you have to tell your constituents, my President is not defending me against missile attacks.

MORE ISSUES OF CONCERN

The SPEAKER pro tempore (Mr. COLLINS of Georgia). Under the Speaker's announced policy of May 12, 1995, the gentleman from Georgia [Mr. KINGSTON] is recognized for 60 minutes.

Mr. KINGSTON. Mr. Speaker, I wanted to touch on some issues that we have not really gone over tonight, but I do want to make sure Mr. HAYWORTH got in his last comment on missile defense.

Mr. HAYWORTH. Well, I thank my good friend from Georgia.

It is simply this, Mr. Speaker. I believe those watching this debate tonight in the United States of America need to take a very clear-eyed, sober-minded approach to providing for our common defense and to understand that we are vulnerable to intercontinental ballistic missile attack. This is not scare tactics. This is something, believe me, we wish were otherwise, but we need to take steps today to ensure that we provide for the common defense and that we do not always look to that legitimate role of the Federal Government, providing for that defense, as the place where all the job

cuts and the reductions come to reinvent government as some would state it.

With that, I thank the gentleman from Georgia for yielding to me.

Mr. KINGSTON. Mr. Speaker, I yield to the gentleman from California [Mr. HUNTER].

Mr. HUNTER. Mr. Speaker, before we totally leave the missile area, I just wanted to flesh out the question the gentleman from Arizona asked about how we are treating Israel with respect to building a missile defense as opposed to our own people. The Israelis are surrounded by Arab neighbors who want to launch ballistic missiles at Israel. In 1987, the Israelis were trying to develop a fighter, a craft called the Lavi aircraft. A number of us on the armed services program signed a letter that I drafted and CURT WELDON signed it, a number of Members who were still, HAL ROGERS of Kentucky signed it, a number of members who are on the Committee on Armed Services today, and we said to the Israelis, do not build a fighter aircraft because a lot of nations make fighter aircraft.

But there is one thing that no western nations build, and that is a defense against incoming ballistic missiles. We think that your program, your coproduction program with the United States should not be fighter aircraft, it should be a defense against missiles. And the reason we think that is because we think in the near future, we wrote this in 1987 to Mr. Rabin, we said we think in the near future you will be attacked with Russian made ballistic missiles coming from a neighboring Arab state. And it was somewhat prophetic. We predicted the state might be Syria. It ended up instead coming from Saddam Hussein. But they were attacked by Russian-made ballistic missiles coming from another country.

The Israelis are very practical people. They live on a little postage stamp of land. They are very vulnerable. And they realize that they live in an age of missiles. When their Billy Mitchells tell them something, they act. So they said, we need a defense.

So they started, they embarked upon the production of the Arrow missile defense program. That is a defensive missile that when an incoming missile is launched at one of their cities will go up and intercept that missile and destroy it.

This President has signed on wholeheartedly in speeches to leaders in Israel to people that support the existence of the Israeli State, he has said, and properly so, I stand foursquare behind your program to defend against incoming ballistic missiles that might hurt people in Israel.

All we are asking him to do with the Defend America Act is to sign on for the same program for Americans. We want basically the same thing that we provide and are providing for the people of Israel. Nothing more, nothing less.

Mr. HAYWORTH. Again, it begs the question, with all due respect, if it is good enough for the nation of Israel, is it not good enough, should we not be prudent enough to provide the same sort of missile defense for the people of the United States of America?

Mr. HUNTER. Absolutely.

Mr. KINGSTON. Now, if the gentlemen would like to stick with me, I want to switch gears and talk about a few things.

First, I do think that it is absolutely appalling that people in St. Mary's, GA; Jacksonville, FL; Brunswick, GA are not protected from a missile attack to the nuclear submarine in St. Mary's. I am glad that the two of you are working on this. I am proud to cosponsor the bill. I hope that we can protect, shore up our security so that parents around the land do not have to worry about this.

I do want to switch gears. I have a letter from Mr. George Renshaw who ironically lives in St. Mary's. I want to quote him. He said, I never felt so strongly about Congress as I do now. All of you have amazed me. I see you many times on the House floor. Keep up the good work. By the way, I am an ex-Democrat.

I thought that was just a little good, positive feedback.

Mr. HUNTER. Is that one of your relatives?

Mr. KINGSTON. It may be, if not, certainly a friend.

I also wanted to apologize to the people from New Jersey. The other night the gentleman from New Jersey was talking about Medicare cuts. I pointed out to him that Medicare was going from $196 to $304 billion and if he thought that was a cut, that was a reflection of the education system in New Jersey.

I have a letter here from a Mr. Ron Jones in New Jersey, and he says he is offended by that. He agrees with me that the Congressman from New Jersey may have missed the point, but when you increase Medicare spending from $196 to $304 billion, that is not a cut.

Mr. HAYWORTH. Mr. Speaker, I think the observation to make to the good people of New Jersey is the gentleman from New Jersey, who fails to understand that, it is not so much that he is a product of New Jersey's system of education as much as he has adopted the old math, I will call it, the old math of the Washington bureaucracy, where a reduction in an anticipated increase is called a cut. Only in this city does that transpire.

Mr. KINGSTON. I am glad the gentleman mentioned that.

We are also increasing student loans from approximately $27 to $36 billion. Yet the President of the United States has called that a cut. I do not know what school system he went to, but, again, going from $27 to $36 billion is not a cut.

On Medicaid, we are doing the same thing, going from approximately $90 to $140 billion. Yet the same status quo Washington liberal bureaucracy is calling these things a cut. The fact is, we have got to get these programs under control.

I have an article here where the Atlanta Legal Aid Society tried to sue the State of Georgia because Medicaid did not pay for a sex change operation.

Mr. HAYWORTH. Would you please repeat that? I want to make sure that I understand what you just said and I think you owe it to the people nationwide who watch us tonight and to the Speaker in the chair, could you please repeat this letter?

Mr. KINGSTON. Remember the backdrop here. We are a country that is $5 trillion in debt. We are a country that has a welfare program that is totally out of control. We have spent about $4 trillion on it.

Mr. HAYWORTH. Actually, all told, Government spending at all levels in the so-called war on poverty is now in excess of our national debt, $5 trillion.

Mr. KINGSTON. Which is more money than we spent to win World War II. And at the time that most of these programs started under the big Government expansion programs of Lyndon Johnson, the poverty level was 14 percent. Today it is about 14 percent. So for all that we have done, we have only created great jobs for bureaucrats.

But here in the backdrop of all this debt, the Atlanta Legal Aid Society sued the State of Georgia to try to force it to use Medicaid funds, which is welfare insurance, to pay for a sex change operation. The case was called Rush versus Parham. Fortunately, it was dismissed. But that is the kind of ridiculous thinking that we have got out there.

Now, the gentleman from California will find this interesting. The legal services also sued the State of California because although one immigrant did not have, excuse me, very big distinction, these were illegal aliens.

Mr. HUNTER. We have lost several members of the bar in California. They were backed over by a van carrying illegal aliens. I am being facetious. Actually, they usually wait for the van to stop before they get out and offer their services.

Mr. KINGSTON. Mr. Speaker, if the gentleman is finished, I will continue.

The legal aid society sued the State of California for not giving illegal aliens a driver's license, even though they were in the country illegally.

Mr. HAYWORTH. It is just interesting, because in other States, I could be corrected by my friend from California, that is very interesting. Legal services wanted to step in for illegal immigrants. Illegal aliens here in this country without a passport, without due

process to come into the country and remain, sued for the right of a driver's license. And yet in other States, I believe California has been courageous in this regard, because so many States have processed motor voter where all one needs to register to vote is to apply for a driver's license.

Mr. KINGSTON. All one needs to get people to vote is drive down the street and say, hop in my van, let me take you to the polls because you are now registered to vote, because you are on welfare or you have a driver's license or you have other forms of public assistance.

Mr. HAYWORTH. It is stunning. Give us an update on the California situation.

Mr. KINGSTON. Just save us from your jokes.

Mr. HUNTER. I will not offer any one-liners, but I have to say that this situation does beg for some one-liners. You could actually get a twofer. If you are an illegal alien and you are driving to vote and you are pursued by the Border Patrol, you will not only be able to cast your ballot but also enjoy a healthy lawsuit against the Border Patrol or a sheriff's department with a good chance for recompense.

Mr. KINGSTON. Let me ask you something else.

Mr. HUNTER. What the gentleman has described is true. As I understand, in talking to a member of the State assembly, the bill to deny illegal aliens, and this was Jan Goldsmith who represents Poway in San Diego County, the bill to deny illegal aliens the right to a duplicate driver's license, even though it is obvious that the driver's license was fraudulently issued, was passed out of committee. His bill to deny them this right was passed out of committee by, I believe, a single vote. I believe every member of the Democrat Party voted against that.

□ 2230

Now, I am not positive on the breakdown of the vote, but as I understand, it was a very, very narrow vote to pass the ban coming out of committee on this activity.

Mr. HAYWORTH. And is it not amazing that for most commercial transactions, when any American citizen wants to go into a major retailer or any store, a grocery store, and wants to pay for the items purchased with a check, that that shopper must produce two forms of identification, quite often, and with the manipulation and the usurpation of rights under motor voter, we are setting up a scenario in which noncitizens will not be required to show any proof of citizenship to have the right to vote in elections that determine the future of the United States of America.

How cynical, how corrupting. What an insult to those hard-working, honest immigrants who come here who apply for citizenship, who want to be American citizens more than anything else in the world, who want to contribute something to this country, who want to have a better future for themselves and their families, and whose very citizenship is being cheapened by these cynical actions designed to perpetuate a cynical welfare state and to return to power those who seek power by any means necessary.

Mr. KINGSTON. Let us talk about this because I think it is very important, as we explore welfare reform for the third time, and hopefully, maybe because it is an election year, the President will vote for it this time, but as we get into the health care benefit and the portion of welfare and State grants and so forth, I think it is important to know we have worked on health care reform for American middle-class families. We have tried to make it more affordable and more accessible through the portability clauses and eliminate the preexisting-illness conditions of the policies so that middle-class Americans can take their health care with them and not be held hostage to the insurance company or have a job loss.

The other thing, which I know the two of you have supported, is medical savings accounts. Today I presented to the Speaker and to DENNY HASTERT and the health care conferees a letter signed by 162 Members, bipartisan Members, of this Chamber asking that conferees keep the medical savings accounts in the health care reform; medical savings accounts, basically a high-deductible plan that allows consumers to pay for their own first-dollar health care expenses like stitches, x rays, routine checkups, and so forth, but they get to save the money, they get to pocket what they have saved from the deductible, use it for long-term health care or use it for a college education account or, you know, use it for Christmas money or whatever they want. The money is tax free, though, if it is spent on medical expenses.

And that is what middle-class America needs, is health care——

Mr. HUNTER. But, if the gentleman will yield, the liberals in America do not want the American people to have the freedom to shop for themselves, because it is exactly what you are talking about is shopping. Instead of shopping for food, instead of shopping for clothes, you get to shop for your own medical care. And if you think you have got a good doctor who will take that x ray for $25 or $30 under the costs of another doctor, you have got an incentive to go out and shop for that better buy just like you shop for a better buy in all aspects of life.

Liberals do not like that. They do not like it because it cuts dependency, and they do not like it because people exercise freedom. If you teach people to exercise freedom enough, pretty soon they are going to want to have a lot more freedom, and that is a bad thing from a liberal perspective.

Mr. KINGSTON. Well, the irony is two things, how this can serve, is that when American consumers go into an appliance store, they know how much a dishwasher costs, a new refrigerator, a stereo, an automobile, even a house, and yet if you get a broken arm, we do not have any idea. Is it $200, is it $900? How many bills am I going to get? You know, what about setting a broken leg? I have no idea.

I mean American consumers need to know. An amniocentesis, if a woman gets an amniocentesis, she gets bills from every lab in America for 6 months. Should not the women in America be able to know when they go in how much it is going to cost them?

What a medical savings account will do will put her back in charge, and then she will know, hey, this is supposed to be a $300 deal, this is not going to be a $600 deal, Dr. Jones down the street only charges $275.

Mr. HUNTER. You know, you are talking about that woman who, in so many cases today, is the head of household, and the idea that we are so cynical in Washington, DC, or liberals are so cynical that they do not want that woman who is head of the household to go out and shop for medical care, they do not think she is smart enough, they do not think she should be trusted with making that choice. So they are going to do it for her. And yet if she goes out and shops smart, and she is able to shop smart in every other area; there are many households now headed by women who are building and, in many cases where there is single women raising kids, they have many choices and many challenges to meet with respect to education, with respect to buying homes, with respect to buying automobiles, with respect to forging the lives and building the character of their kids, and the idea that liberals have that somehow that a woman is not capable of shopping for a less expensive x-ray or she is not capable of finding out how much a medical procedure costs, does not make sense.

In fact the only way that we are going to be able to make health care affordable in this country is to rely on the best thing that we have got. That is the good common sense of our citizens.

Mr. KINGSTON. That is exactly right.

Let me give you another example of how medical savings accounts can make a difference and more consumer information. I read an article——

Mr. HUNTER. Now, what does a medical savings account do? If I have a medical savings account, what will I have?

Mr. KINGSTON. It is basically a high-deductible plan where any money that you do not spend you can use for

long-term health care or you can use for a college education.

Mr. HUNTER. How much could I save out of the year if I do not spend much money on——

Mr. KINGSTON. It is $2,500, $2,000, $4,000 deductible. So anything that you do not spend goes into your pocket.

There is a woman in Tampa, FL, who had breast cancer. She could not get the information she needed through the traditional health care provider network. So what she did, she got on the Net. How many of you out there have breast cancer? And she formed a network and was able to find a support group and a physician who had a new specialty and a new drug, and as a result she has been able to deal with her illness a lot better.

Now, there is a doctor in Fort Worth who recommends a system whereby we can use our own television to actually one day get on some of those blank channels after channel 40 that, you know, we have on every TV, and they are all blank, get in there and say, "Back injury. How much? What? Lower back? Upper back," and keep pushing your remote and concentrate on where your back problems is, and then it would tell you the nature of it, which physicians in your area serve it, how much it costs to prevent, to spend on it. And think about how, if you tie in medical savings accounts in with the information highway, how great it will be for the American consumers.

Mr. HUNTER. You know, if the gentleman will yield on that point, a great American conservative, Tom Clancy, the author of "Hunt for Red October" and so many other best-selling books, has done something along the line of what the gentleman is talking about. He had a young kid who had cancer, kid named Kyle, young boy, and Tom formed a great friendship with this youngster as he was experiencing the trauma of cancer, and Kyle ultimately passed away. Well, Tom Clancy formed the Kyle Foundation, and the Kyle Foundation is dedicated to linking up people who need cancer information: What kind of information can I get about this type of cancer or that type of cancer? What types of doctors are specialists in this particular type of cancer that my son may have? Where do I go to get these doctors? And networking not only the users, the moms and the dads with children with cancer, but also networking the doctors so that a doctor who is making a breakthrough in one type of cancer on the other side of the country can hook up with a doctor on the other side of the country and exchange information, and this exchange of information and this ability of free people to shop for the best ideas and the best innovations in medicine is kind of what the gentleman is talking about.

That is the idea of not being harnessed by government one-size-fits-all, "Wait in this line, and we will get to you when we get to you."

Mr. KINGSTON. We had a neighbor of mine, unfortunately he passed away also, named Julian Bono, and he did the same sort of thing is Savannah, GA, networking with other people who had cancer, passing on information, passing on treatments about doctors, and they had a list of physicians all over the country. Actually, he found a cure or a potential cure in Greece and helped some of the people go over there, and it is all we are saying to the liberal Washington establishment is let the American people do what they are best at: be sharp, smart shoppers.

Mr. HAYWORTH. And it goes a bit further than that, if the gentleman would yield. It goes to this question:

Not just allowing the American people to do so because realistically the power resides with the American people. Our system of government, our constitutional republic, provides that the power that many of us believe comes from a higher authority is bestowed on the people. The people in turn bestow it on the government. So it is not the government's domain to, quote unquote, allow the people this opportunity. Instead it is their fundamental right to pursue treatments they believe can help them, and it is their fundamental right, and I dare say as we stand poised at the dawn of the next century, we should restore the basic element of trust that we who are honored to serve in government through the consent of the governed trust the people to make decisions.

And again as I have said many times, I believe what crystallizes the debate when we get past the playground talks, when we get past the scare tactics, when we get past the deliberate disinformation, what characterizes this debate on almost every question of import is this:

Do you trust the American people, or are you so cynical or disdainful of the American people that you place your trust in a centralized bureaucracy in Washington?

I trust the American people, and I believe the people trust themselves, and we work to empower the people.

Mr. KINGSTON. If the gentleman will yield on that, about the big bureaucracy, it is interesting that as we are debating budgets, the Democrat budget versus the Republican budget, that the Clinton Democrat budget adds 3,000 more Federal employees to the payroll and adds 14 new bureaucracies and agencies, and you know that is not what the message was. The message from the American people, which was accurately mirrored by the President, was the era of big government was over.

Mr. HAYWORTH. I just want to make sure because the gentleman was sitting close to me, and I heard in this well in that very unmistakable twang of Arkansas speech that the era of big government was over, and yet again I would ask the gentleman from Georgia to offer those figures, provided by the gentleman who stood here and told us the era of big government is over; what is that again?

Mr. KINGSTON. I will be happy to give you these figures, and I tell you one other, but the Clinton budget will cost us 3,000 more Federal bureaucrats, it creates 14 new Federal programs, and it claims to have $129 billion in tax relief, but it takes back $90 billion in increased taxes which were passed under the President, and then, as you probably know, the savings are all on the back end.

Yes, the President's budget balances in the year 2002, but, as the gentleman in the well has pointed out it is equivalent of Mr. HAYWORTH saying, and I can get away with kidding him a little better than Mr. HUNTER, but it is the equivalent of you saying that you are going on a diet and lose 30 pounds, but you are not going to in 1 year, but you are not going to lose any of it until November.

□ 2245

Yes, you will be 30 pounds under by December 31. I would say to the gentleman from California [Mr. HUNTER], if he wants to join in that, it might be a good idea.

Mr. HAYWOOD. Really. It is the equivalent of trying to lose 50 pounds and spending all year, the first 50 weeks, losing 2 pounds, and saying you are going to lose the other 48 in the final 2 weeks of the diet. Mathematically, the operation of subtraction can work when you put pencil to paper. Realistically, honestly, it does not work. It does not work.

This is what is especially galling. For when one is selected to serve and take the oath of office in this Chamber, as a member of the legislative branch, and I daresay, as our Chief Executive at the other end of Pennsylvania Avenue, there is a sacred trust, and there is a burden, an opportunity of governance that rests upon our shoulders.

How cynical it is to devise mathematical formulae which would say, oh, if I am bestowed with the trust of the American people for a second 4-year term, 2 to 3 year after I leave we will achieve this; 2 to 3 years after I give up custodianship of this role, things will come into balance.

It is akin to the shortcut to house cleaning, but it is with far, far more dire results, because you can sweep a little bit under the rug. We can take those kinds of shortcuts, but what this threatens is the very structure and the very foundation of our free society. It is not the same as sweeping the dirt under the rug, but it is fundamentally being less than candid about the challenge that confronts the American people.

And to some, in a Machiavellian sense, it may be really smart politically, but what a tragedy it would be if we would sacrifice candor and truthfulness and forthrightness in our governance for the sake of political expediency, rather than a call to make changes for the better.

Mr. HUNTER. If the gentleman will yield, Mr. Speaker, I hope and I think that the American people are not going to be taken in by the inconsistency that this President has displayed. I remember we were all sitting here the night when he said, "The era of big government is over." But I recall a few minutes later in the same speech, he announced, I believe, three new programs. Only William Clinton could do that and get away with it. I notice not a single news station, at least the ones that I observed, picked that up.

Only this President, who said that he loathed the American military and deliberately avoided service during Vietnam, could use the Soldiers and Sailors Relief Act that is designed for military men and women serving overseas to keep them from losing their property while they are serving their country. Only he could invoke that Soldiers and Sailors Relief Act to protect himself from a civil lawsuit in Arkansas.

But I think that there is such a thing as being a little too cute and underestimating the American people to the point where, ultimately, when the people make a judgment with respect to this President, we are going to see that they have a lot more wisdom than he attributes to them.

Mr. KINGSTON. Mr. Speaker, let me get back on the balanced budget. There are three reasons we need to keep focus on the balanced budget. No. 1, the Federal Reserve says if you have a balanced budget, interest rates will fall. If they fall as much as 2 percent, it would make a significant savings in your monthly home mortgage and your automobile bill, if you own your car.

No. 2, it will create jobs. Because small businesses can borrow money at lower interest rates, they will expand more opportunities which will be out there for everybody.

No. 3, your taxes will go down, because you will not have that huge crunch from the Federal Government that is draining the pocketbooks of American workers right now. That is one reason why this Congress fought so hard for the $500-per-child tax credit.

The gentleman earlier talked about single women at home. Raising children is the most frustrating, the most difficult, the most expensive thing that I think I have ever tried to do, or anybody else can do. And a $500-per-child tax credit will help the American working men and woman afford their family. It will help the middle class like no other measure that we could pass in Congress.

Mr. HAYWORTH. Mr. Speaker, what is especially important, I think of the single moms in the Sixth District of Arizona, and imagine if they had for their 3 children $1,500 to save, spend, and invest as they see fit for those children, to spend that money on those children, to save that money for those children, instead of surrendering that money to Washington. It is especially galling that we have had a President who campaigned, and people talk about political strategies, and, oh, members of that reelection team looking at the Ronald Reagan strategy of 1984. Nonsense.

This is the same strategy utilized by the President in 1992. It is, simply stated, this: Talk like Ronald Reagan, govern like Michael Dukakis. Always talk right, govern left. This same President who said that the middle class deserved tax relief gave itself the largest tax increase in American history. This same President who said end welfare as we know it, has vetoed, not once but twice, the very welfare reform he purports in a general sense to champion.

This same President who said as a candidate in 1992 that he would balance the budget in 5 years, even when given a grace period of an extra 2 years, if you will, still uses curious mathematics and said, as pointed out by the gentleman from California, even in the same breath with yet another Reaganesque utterance: The era of big government is over, but here are three more programs. Here is more and more spending in Washington, DC. Here is more and more power vested in Washington, and here is the preservation of the status quo, even amidst the language of change.

There is, as I said earlier this evening, Mr. Speaker, a credibility canyon to go along with the Clinton crunch.

Mr. HUNTER. Mr Speaker, if the gentleman will yield, let us do some taxes. I think a lot of single moms out there, a lot of heads of households, a lot of folks with kids would like to know what this tax cut was that the President kept them from getting. We have all done our taxes in April. Most folks realize and remember how much they paid for taxes. Let us prepare some income taxes here, and show them what the American people lost when President Clinton killed the tax cuts for the American family.

It is very simple. If you are out there and you have two kids, you multiply two kids times $500 apiece, and that is $1,000. You deduct that from what you paid on April 15, so if you paid $1,000 on April 15 and you have two children, under the tax cuts that the Republicans passed but that President Clinton killed, two times $500 is $1,000. At the bottom line on your 1040 you would have deducted $1,000 from the $1,000 you owed and you would have paid no taxes.

That means you would have had $1,000 in your pocket for maybe the last half of that mortgage payment you were having trouble making, maybe the education fund for your daughter who is 15, who will soon be going off to college, maybe $1,000 to put that down payment down on the lot outside of Phoenix, AZ, or San Diego, CA, where you want to build a house someday. That is the tax cut for the rich.

If you have four kids, you multiply four times $500 and that is $2,000, so everybody should just remember right now, just take a minute and remember what you paid in taxes to the Federal Government on April 15. Look at your family, whether they are in the living room with you or in the kitchen or they are out playing Little League or whatever, count the number of kids that you have an multiply that times $500, and deduct that mentally from what you paid. That is the amount of money that you would have saved. Once again, Mr. Speaker, President Clinton depicted that tax cut as a tax cut for the wealthy.

Mr. Speaker, I agree with him in a way. I think everybody in America, in this land of opportunity, who has children is wealthy. They are rich. They are rich; not rich economically, but they are rich in opportunity. But this President killed this tax cut, and he called it a tax cut for the rich, so I hope that every American who pays taxes will remember that last figure they put down on their 1040, that $1,000 that they paid or that $10,000 that they paid, and that $500 per child that they could have deducted if President Clinton had not stepped in and killed that tax cut.

Mr. KINGSTON. What is interesting, Mr. Speaker, is that while the administration was busy not cutting taxes, they had no problem cutting drug awareness money. Last week I had the opportunity to speak at the Harris County DARE graduation, and just some statistics that are in my mind.

The average age now nationally that teenagers smoke marijuana is age 13. Thirty-eight percent of parents think that their kids do not smoke or get involved in drugs, and yet, in reality, the percentage is often higher than that, depending on where they are. Twelve- and 13-year-olds and 14- and 15-year olds have one of the highest increases in marijuana use in the Nation, higher than any other age bracket.

But one of the statistics that I think is very encouraging is that if you can keep your child off of drugs until he or she is 19 years old, then they have a 90 percent chance of staying drug-free for the rest of their lives.

I think what we really need to do is talk to our teenagers about drug abuse. I think it should be drug and alcohol abuse and any other substance, legal or illegal, that they can abuse, because we have to keep our children drug-free. We have to keep our schools drug-free and the workplace drug-free. If we can do

that, we are going to have a generation that will successfully take the torch on, and we will all be able to retire one day and they will pay for our Social Security.

Mr. HAYWORTH. Mr. Speaker, I would say, in fairness, I am glad that our friend, General McCaffrey, has been given charge of the war on drugs, but that does not excuse the fact that this administration has basically been AWOL in that war for the first 2½ years, almost 3 years of its time in office. So again, it is a case of too little, too late; or a type of "me too-ism" that smacks of electioneering, that smacks of opportunism, rather than a genuine quest to make the changes the gentleman from Georgia mentioned are so necessary.

It is borne out in other figures in the President's budget. Oh, sure, there are modest increases, for example, for the Drug Enforcement Agency, for the number of employees; for the Immigration and Naturalization Service, for the Border Patrol.

But yet, but yet, the glaring problem is this: that more and more money is put away so that upwards of 115,000 people in Bill Clinton's budget would be employed in the Internal Revenue Service; easily, what, three times the number of people, or close to that, employed with the INS or the Border Patrol. So the message in fact is this: We may not have time to fight the war on drugs, we may not have the ability to protect the sanctity of our borders, but, by golly, we have the time to come and audit you, Mr. and Mrs. America, and your tax returns, because we fundamentally do not trust you; and these other problems, well, sure they are problems, but you see a lot in the priorities expressed in that budget with reference to the Internal Revenue Service.

Mr. HUNTER. If the gentleman will yield, Mr. Speaker, let me tell him what has happened with the Clinton administration's policy on stopping cocaine that is coming across the international border. A border patrolman, and as you may know, I represent a great deal of the California Mexican border, kind of the southern slice of the State. I know the gentleman represents a great deal of Arizona just to the east of my district.

A border patrolman came to us one day and gave us an internal memorandum from Doris Meissner, who is the head of INS for the Clinton administration. It concerned the border fence, because we have been building a border fence made out of landing mats, steel planks like those that you used in Desert Storm to build runways, except we turn them vertical instead of horizontal, and when we weld them to posts, we are making a steel fence 10 feet high and now some 14 miles long, from the Pacific Ocean to the coastal hills.

□ 2300

When we built that fence, my staff went out and searched the inventories of every military base from Guam from Guantanamo and found 179,000 surplus steel planks to build this fence with. But when we built the fence, we increased cocaine interdiction by 1,000 percent because the drug runners, who were just driving their cars and trucks across the border, not at the regular crossings but just right across the sagebrush landscape, now could not get across because of the steel fence, so they had to go through very channelized areas and we were catching them.

Now, in a number of places we had fence that was made out of chain link, and these chain link fences, the drug pushers and the drug smugglers would just take their clippers, clip that chain link, roll it back and drive their van or heavy-duty truck through it with cocaine for America's children.

The Government of Mexico asked Doris Meissner to meet with them because they did not like the idea that we were replacing these chain link fences with steel fences that nobody could drive through, made out of steel landing mat. As a result, she circulated a memorandum. I am going to bring it out to the floor next time we have a special order because I have got a copy of it.

It tells every Border Patrol chief, "You are no longer allowed to replace this flimsy chain link fence with steel landing mat." I call that the drug smuggler provision. Because the Government of Mexico has complained about it, from now on you can only repair a chain link fence with chain link.

Mr. HAYWORTH. If the gentleman would yield for a question, since when does an official of this Government change policy for the protection and the edification of the citizens of this country to please representatives of a foreign government? Where on Earth and why in this Nation has that taken root? What is the explanation or the rationale for this?

Mr. HUNTER. The gentleman is asking me to explain a President who has sent our Government to the United Nations, our marines to Bosnia, and our jobs to Mexico. The answer is that this President is an internationalist. He believes very strongly in listening to people on other sides of the border. Now, that can be good, but it is not good when it conflicts with the thoughts of people on his side of the border.

We have an absolute right to maintain a border with integrity, tell people when they come across, come through the front door. Do not come through our back door. Do not drive cocaine across the hillsides into the southern reaches of California and Arizona.

But this administration has been dragged kicking and screaming to the border, and they have been a little disingenuous with us, while they are doing press conferences. They fought us on the 6,000 Border Patrol increase that we put in the crime bill and on the 600 Border Patrol increase that we put in the appropriations bill in fiscal year 1994. They fought us on that.

Mr. KINGSTON. And, I want to point out, vetoed the provision in welfare reform that said no permanent welfare benefits for illegal aliens, and that then was vetoed by the President.

Mr. HUNTER. Precisely. When the President vetoed that welfare provision for illegal aliens, when he allowed that welfare provision to keep being paid out, that kept the magnet alive. That kept the magnet that told people that if they came to the United States, as several Social Security ladies showed me when they came in my office, they said:

> Congressman, here are some illegal alien families making more money on welfare than we are making as GS-11's working for the Federal Government, and they have discovered the joys of daytime television, they are not working.

That is a magnet that this President has allowed to keep turned on at full power, that brings people into this country illegally, because he is paying them more in welfare payments than they can make working in their native country.

But the point that I am making is this President and Doris Meissner, his INS Commissioner, who is a nice person, have testified against and fought against every Border Patrol increase that we have passed in this Congress, that Republicans have passed.

Yet when we bring those newly trained Border Patrolmen that the Republican Congress passed down to the Boarder Patrol headquarters at San Ysidro, who is there to do a press conference and greet them but the very same Clinton administration officials who fought their funding in the first place. You know something? They do not even crack a smile.

You know something else? If we took all those Clinton officials who do press conferences at the border in San Diego and we simply had them touch hands, just link arms, they would stretch across the entire border between San Diego and the gentleman's great State of Arizona. We would not need a Border Patrol because we have more public relations people there than we have illegal aliens.

Mr. HAYWORTH. Well, it bring to mind really the definition of politics, I suppose, here in the late 20th century, at least as practiced by our campaigner in chief. I would have to say it is politics at its most cynical, the mission being, accept credit for those things you have absolutely nothing to do with and divert the blame for those projects and those objects, I might add, that cause problems that you literally may have your fingerprints all over. That has come to define politics here in the

late 20th century as practiced by our friend at the other end of Pennsylvania Avenue.

Mr. HUNTER. Well, if the gentleman is talking about those documents that they found in the White House after months and months of not being available, I know where they were. They were right underneath the TV Guide all the time. That is where they were.

Mr. KINGSTON. Maybe underneath the Constitution. I know that is not read over there.

The question that some of you just mentioned, and I think it is about time we need to close, but the other day I was speaking to a chamber of commerce for the gentleman from Columbus, Mr. COLLINS, and he was kind enough to get a good bipartisan group of speakers. He had somebody from the administration talking, and he was talking about the wonderfulness of Government partnerships.

A small business, independent business person raised his hand and said:

> I tell you what. I do not want the government to be my partner. In fact, the less I see, the less I have to do with the government, the better for me and for my business.

I think that said so much, because people do not want the Government in their lives setting up, as you just mentioned, these obstacles and then coming up and saying, "But I will get you through them."

"Well, why do you not just remove the obstacles and get out of my life, too, and that would be better."

But it is about time to wrap up, so let me yield to the gentleman from California first for a closing comment.

Mr. Hunter. Let me just say I appreciate the gentleman from Georgia, whose tenacity and eloquence has really kept these very educational sessions alive, and also my great friend from Arizona, who is so articulate and who is so concerned about this country.

I have got one thing I would like to ask you both. Speaking of single moms, we did a Boy Scout hike from sea to shining sea, from the Salton Sea to the Pacific Ocean, a couple months ago. We are going to take this walk. We had a lot of single moms, and there were Cub Scouts and Boy Scouts on this walk. 100 miles. We are going to take this walk literally from the Pacific Ocean to the Atlantic ocean, from the real sea to shining sea next year. I want the gentleman who has so much of Arizona, and the gentleman who has so much of Georgia to get their Scout troops to participate in this sea to shining sea walk.

Mr. HAYWORTH. I cannot pause or hesitate to say as an Eagle Scout, and I search out my card here in my pocket, as an Eagle Scout, I am happy to take that challenge. Goodness knows I need the walk for my own physical fitness. But having just participated in the Grand Canyon Council Scout-a-rama at Papago Peaks, I am happy to do that. I trust during our time in San Diego this summer we might have an opportunity to involve some of the youth groups in San Diego to see what is transpiring in your city and again to reinforce this notion that we trust the American people, and it is not so much a case of being hostile toward Government but instead embracing that Jeffersonian ideal of a limited but effective Government, not as a partner, not as a mechanism to be reinvented, but simply as the fabric of our constitutional Republic that enables us and empowers us to provide for the common defense and in the classical true sense, to promote the general welfare of everyone.

That is the challenge we confront as we face the next century, whether arm in arm with the Boy Scouts or other members of every generation in this country, to work together to trust one another, to understand it is our people who lead us and our Government which exists to help empower people, rather than partner with them or simply be reinvented to grow ever larger, to grow ever more intrusive, and to require ever more of the hard-earned money the people of the United States of America richly earn and richly deserve.

Mr. HUNTER. As a second class Scout, I salute my Eagle leader.

Mr. HAYWORTH. You far eclipse me my friend, in other endeavors.

Mr. KINGSTON. Let me say this to the gentleman from Arizona [Mr. HAYWORTH], the gentleman from California [Mr. HUNTER], I am looking forward to your west coast boy scouts coming our way and we will show them what a real ocean and a real beach looks like. I just want you to remember that since I control the time, I can say that last.

Mr. Speaker, what we are trying to do, what we have been talking about tonight is having a good welfare system, one that helps those who need a helping hand but puts able-bodied recipients to work; a criminal justice system that gets the thugs off the streets so that American families can walk down the streets without having to look over their shoulder and be scared; having a budget that is balanced so that interest rates go down, having the waste cut out of it. Above all, changing this Washington bureaucracy, rocking it, changing it permanently so that we can have a government that is limited and one that responds.

Mr. Speaker, I include the following material for the RECORD:

JOBS LOST

The following is a very conservative State-by-State estimate of the number of jobs lost if the minimum wage is raised to $5.15:

State	*Number of jobs lost*
Alabama	15,300
Alaska	300
Arizona	8,900
Arkansas	8,800
California	63,100
Colorado	8,000
Connecticut	4,000
Delaware	1,300
District of Columbia	600
Florida	35,500
Georgia	18,000
Hawaii	(1)
Idaho	3,200
Illinois	29,200
Indiana	16,400
Iowa	4,200
Kansas	7,300
Kentucky	12,100
Louisiana	15,400
Maine	2,800
Maryland	7,400
Massachusetts	4,000
Michigan	23,000
Minnesota	10,100
Mississippi	10,500
Missouri	16,200
Montana	2,800
Nebraska	5,100
Nevada	2,500
New Hampshire	2,200
New Jersey	900
New Mexico	4,600
New York	29,900
North Carolina	19,100
North Dakota	2,400
Ohio	28,000
Oklahoma	10,800
Oregon	2,100
Pennsylvania	27,400
Rhode Island	1,300
South Carolina	11,900
South Dakota	2,400
Tennessee	17,700
Texas	60,600
Utah	5,400
Vermont	400
Virginia	15,000
Washington	1,700
West Virginia	5,800
Wisconsin	11,800
Wyoming	1,700
National total	621,000

[1] $5.25 is minimum wage.

Prepared by: The Employment Policies Institute.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BLILEY (at the request of Mr. ARMEY) for today on account of attending a funeral.

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. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Mr. LAFALCE, for 5 minutes, today.

Mr. FIELDS of Louisiana, for 60 minutes, today.

Ms. KAPTUR, for 60 minutes, today.

(The following Members (at the request of Mr. HAYWORTH) to revise and extend their remarks and include extraneous material:)

Mr. RIGGS, for 5 minutes, today.
Mr. KINGSTON, 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. PALLONE) and to include extraneous matter:)

Mr. LAFALCE.
Mr. UNDERWOOD.
Mr. MILLER of California.
Mr. JOHNSON of South Dakota in two instances.
Mr. STARK in three instances.
Mr. MENENDEZ.
Mrs. MEEK of Florida.
Mr. JACOBS.
Mr. FILNER.
Mr. HAMILTON.
Mr. FOGLIETTA.
Mr. SKELTON.
Mr. KENNEDY of Rhode Island.
Mr. FRANK of Massachusetts.
Mr. KANJORSKI.
Mr. BARCIA.
Mrs. KENNELLY.
Mr. DINGELL.
Ms. HARMAN.

(The following Members (at the request of Mr. HAYWORTH) and to include extraneous matter:)

Mr. STEARNS.
Mr. GALLEGLY.
Mr. SANFORD.
Mr. CLINGER in four instances.
Mr. YOUNG of Alaska.
Mr. CANADY of Florida.
Mr. SAXTON.
Mr. PACKARD.
Mr. FUNDERBURK.
Mr. KING.
Mr. GINGRICH.
Mr. SHAYS.
Mr. FRANKS of New Jersey.
Mr. MARTINI in two instances.
Mr. SOLOMON.
Mr. RAMSTAD in two instances.

(The following Members (at the request of Mr. KINGSTON) and to include extraneous matter:)

Mr. FRISA.
Mr. PETERSON of Florida.
Mr. MANZULLO.
Ms. ESHOO.
Mr. MCDERMOTT.
Ms. FURSE.
Mr. PAYNE of New Jersey.
Ms. MOLINARI.

ENROLLED BILLS SIGNED

Mr. Thomas, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1965. An act to reauthorize the Coastal Zone Management Act of 1972, and for other purposes; and

H.R. 2066. An act to amend the National School Lunch Act to provide greater flexibility to schools to meet the Dietary Guidelines for Americans under the school lunch and school breakfast programs.

ADJOURNMENT

Mr. KINGSTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 11 minutes p.m.), under its previous order, the House adjourned until Thursday, May 23, 1996, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3127. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Processed Fruits and Vegetables, Processed Products Thereof, and Certain Other Processed Food Products Regulations Governing Inspection and Certification (Docket No. FV-96-326) received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3128. A letter from the Under Secretary of Defense, transmitting a report of a violation of the Anti-Deficiency Act—Air Force violation, case number 95-13, which totaled $384,046, occurred in the 6th Air Base Wing, Air Combat Command [ACC], at MacDill Air Force Base, FL, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

3129. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—National Emission Standards for Hazardous Air Pollutants; Final Standards for Hazardous Air Pollutant Emissions From the Printing and Publishing Industry (FRL-5509-1) (RIN: 2060-AD95) received May 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3130. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Cold, Cough, Allergy, Bronchodilator, and Antiasthmatic Drug Products for Over-the-Counter Human Use, Amendment of Monograph for OTC Bronchodilator Drug Products (RIN: 0910-AA01) received May 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3131. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Protecting the Identity of Allegers and Confidential Sources: Policy Statement—received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3132. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance [LOA] to Greece for defense articles and services (Transmittal No. 96-47), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3133. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Air Force's proposed Letter(s) of Offer and Acceptance [LOA] to Turkey for defense articles and services (Transmittal No. 96-37), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3134. A letter from the Auditor, District of Columbia, transmitting a copy of a report entitled "Performance Review of the Board of Real Property Assessments and Appeals for the District of Columbia for Tax Year 1996 Appeals," pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

3135. A letter from the Chairman, Federal Communications Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1995, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform and Oversight.

3136. A letter from the Chairman, National Endowment for the Arts, transmitting the semiannual report on activities on the inspector general and the semiannual report on final action for the National Endowment for the Arts for the period October 1, 1995, through March 31, 1996, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

3137. A letter from the Assistant Secretary—Indian Affairs, Department of the Interior, transmitting the Department's final rule—The American Indian Trust Fund Management Reform Act of 1994 (Bureau of Indian Affairs) (RIN: 1076-AD28) received May 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3138. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Bering Sea and Aleutian Islands Area; Pacific ocean perch in the Western Aleutian District [Docket No. 960129019-6091-01; I.D. 051696A] received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3139. A letter from the Program Management Officer, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Gulf of Alaska; Recordkeeping and Reporting Requirements; General Limitations [Docket No. 950727194-6118-03; I.D. 062795C] received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3140. A letter from the Acting Director, Procurement, Grants and Administrative Services, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Financial Assistance for the Pribilof Environmental Restoration Program (RIN: 0648-ZA23) revised May 22, 1996 pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3141. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Compensation for Disability Resulting from Hospitalization, Treatment, Examination, or Vocational Rehabilitation (RIN: 2900-AH44) received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

3142. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Endocrine System Disabilities (RIN: 2900-AE41) received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

3143. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Determination of

Issue Price in the Case of Certain Debt Instruments Issued for Property (Revenue Ruling 96–27) received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

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. EWING:

H.R. 3503. A bill to amend the Internal Revenue Code of 1986 to prevent disqualification of low-income housing units for purposes of the low-income housing credit solely by reason of certain assignments of dependency deductions by full-time student single parents; to the Committee on Ways and Means.

By Mrs. VUCANOVICH (for herself, Mr. BAKER of California, Mr. BARTON of Texas, Mr. BURR, Mr. MYERS, and Mr. POSHARD):

H.R. 3504. A bill to authorize the marketing of breast examination pads without restriction; to the Committee on Commerce.

By Mr. FARR (for himself, Mr. GEPHARDT, Mr. BONIOR, Mr. FAZIO of California, Ms. DELAURO, Mr. LEWIS of Georgia, Mr. RICHARDSON, Mrs. KENNELLY, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. BARCIA of Michigan, Mr. BARRETT of Wisconsin, Mr. BECERRA, Mr. BORSKI, Mr. BROWDER, Mr. BROWN of California, Mr. BROWN of Ohio, Mr. CARDIN, Mr. DELLUMS, Mr. DURBIN, Mr. ENGEL, Ms. ESHOO, Mr. FATTAH, Mr. FOGLIETTA, Mr. FRANK of Massachusetts, Ms. FURSE, Mr. GEJDENSON, Mr. GREEN of Texas, Mr. GIBBONS, Mr. GUTIERREZ, Mr. HALL of Ohio, Ms. HARMAN, Mr. HASTINGS of Florida, Mr. HINCHEY, Ms. JACKSON-LEE, Mr. KENNEDY of Rhode Island, Mr. LAFALCE, Mr. LEVIN, Ms. LOFGREN, Mrs. LOWEY, Mr. MANTON, Mr. MATSUI, Ms. MCCARTHY, Mr. MCDERMOTT, Ms. MCKINNEY, Mr. MILLER of California, Mr. MINGE, Mr. MOAKLEY, Mr. MORAN, Mr. NADLER, Mr. OLVER, Mr. OWENS, Mr. PALLONE, Ms. PELOSI, Mr. PETERSON of Minnesota, Mr. RAHALL, Ms. RIVERS, Ms. ROYBAL-ALLARD, Mr. SABO, Mr. SANDERS, Mr. SAWYER, Mrs. SCHROEDER, Mr. SCHUMER, Mr. SKAGGS, Mr. SPRATT, Mr. STARK, Mr. STUDDS, Mr. STUPAK, Mrs. THURMAN, Mr. TORRES, Mr. VENTO, Ms. WATERS, Mr. WAXMAN, Mr. WISE, Ms. WOOLSEY, and Mr. YATES):

H.R. 3505. A bill to amend the Federal Election Campaign Act of 1971, and for other purposes; to the Committee on House Oversight, and in addition to the Committees on Ways and Means, Commerce, Government Reform and Oversight, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FOX (for himself, Mr. STUMP, Mr. MONTGOMERY, Mr. EVERETT, Mr. EVANS, Mr. HUTCHINSON, Mr. BUYER, Mr. FILNER, Mr. BILIRAKIS, Mr. CLEMENT, Mr. BACHUS, Mr. TEJEDA, Mr. STEARNS, Mr. GUTIERREZ, Mr. NEY, Mr. BAESLER, Mr. BARR, Mr. MASCARA, Mr. WELLER, Mr. HAYWORTH, and Mr. COOLEY):

H.R. 3506. A bill to amend title 38, United States Code, to authorize the provision of funds in order to provide financial assistance by grant or contract to legal assistance entities for representation of financially needy veterans in connection with proceedings before the U.S. Court of Veterans Appeals; to the Committee on Veterans' Affairs.

By Mr. ARCHER (for himself, Mr. BLILEY, Mr. ROBERTS, Mr. SHAW, Mr. BILIRAKIS, Mr. EMERSON, Mr. CAMP, Mr. MCCRERY, Mr. COLLINS of Georgia, Mr. ENGLISH of Pennsylvania, Mr. NUSSLE, Ms. DUNN of Washington, Mr. ENSIGN, Mr. LAUGHLIN, and Mr. DEAL of Georgia):

H.R. 3507. A bill to restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence by requiring work, meet the health care needs of America's most vulnerable citizens, control welfare and Medicaid spending, and increase State flexibility; to the Committee on Ways and Means, and in addition to the Committees on Agriculture, Banking and Financial Services, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, the Judiciary, National Security, International Relations, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FRANKS of New Jersey (for himself, Mr. FROST, Mr. HUTCHINSON, Mr. NEY, Mr. MCHUGH, Mr. CALVERT, Mr. FAZIO of California, Mr. WELDON of Florida, and Mr. HORN):

H.R. 3508. A bill to amend title 18, United States Code, to prohibit the sale of personal information about children without their parents' consent, and for other purposes; to the Committee on the Judiciary.

By Ms. FURSE:

H.R. 3509. A bill to provide for a report regarding the effects that environmental factors have on women's health; to the Committee on Commerce.

By Ms. FURSE:

H.R. 3510. A bill to provide additional pension security for spouses and former spouses, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Economic and Educational Opportunities, Government Reform and Oversight, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. LOWEY (for herself, Ms. FURSE, Mrs. SCHROEDER, Ms. ROYBAL-ALLARD, and Mr. LAFALCE):

H.R. 3511. A bill to provide additional pension security for spouses and former spouses, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Government Reform and Oversight, Transportation and Infrastructure, and Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SANDERS:

H.R. 3512. A bill to amend title 10, United States Code, to establish limitations on taxpayer-financed compensation for defense contractors; to the Committee on National Security.

H.R. 3513. A bill to establish limitations on the ability of a Federal agency to pay a contractor under a contract with the agency for the costs of compensation with respect to the services of any individual; to the Committee on Government Reform and Oversight, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of New Jersey (for himself, Mr. VOLKMER, and Mr. FLANAGAN):

H.R. 3514. A bill to amend the Public Health Service Act to provide for programs of research regarding Parkinson's disease, and for other purposes; to the Committee on Commerce.

By Mr. LAFALCE (for himself, Mr. SCHUMER, Ms. ROYBAL-ALLARD, Mr. LIPINSKI, and Mr. FRAZER):

H.R. 3515. A bill to amend the consumer lease provisions of the Consumer Credit Protection Act; to the Committee on Banking and Financial Services.

By Mr. LAZIO of New York (for himself, Mr. DELAY, Mr. SPENCE, Mr. STUMP, and Mr. PARKER):

H. Con. Res. 180. Concurrent resolution commending the Americans who served the United States during the period known as the cold war; to the Committee on National Security, and in addition to the Committees on International Relations, and Intelligence (Permanent Select), for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mrs. Mink of Hawaii introduced a bill (H.R. 3516) to permit duty free treatment for certain structures, parts, and components used in the Gemini Telescope Project; which was referred to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 65: Mr. ORTON.

H.R. 103: Mr. HORN, Mr. COYNE, and Mr. DEAL of Georgia.

H.R. 351: Mr. HERGER and Mr. WICKER.

H.R. 580: Mr. DUNCAN.

H.R. 598: Mr. CONDIT, Mr. WILSON, Mr. STEARNS, and Mr. BACHUS.

H.R. 1000: Mrs. KENNELLY.

H.R. 1023: Mr. LEVIN.

H.R. 1024: Mr. SCHAEFER.

H.R. 1073: Mr. KANJORSKI.

H.R. 1074: Mr. KANJORSKI.

H.R. 1386: Mr. SPRATT.

H.R. 1618: Mr. COBLE and Mr. HORN.

H.R. 1656: Mr. STOCKMAN.

H.R. 1776: Mr. SMITH of Michigan, Mr. TANNER, Ms. WOOLSEY, Mr. EDWARDS, Mr. GREENWOOD, Mr. TORKILDSEN, Mr. BALLENGER, Mr. KNOLLENBERG, Mr. GANSKE, Mrs. MEYERS of Kansas, Mr. LONGLEY, Mr. HOUGHTON, Mr. ROGERS, Mr. STEARNS. Mr. GRAHAM, Mr. CHRYSLER, Mr. ROTH, Mr. KLUG, Mr. ROHRABACHER, Mr. BROWNBACK, Mr. DICKEY, Mr. CHAMBLISS, Mr. WICKER, Mr. WAMP, Mr. CREMEANS, and Mr. LEWIS of Kentucky.

H.R. 1889: Mr. SALMON, Mr. MARKEY, and Mr. BACHUS.

H.R. 1980: Mr. FRAZER, Mr. DURBIN, Ms. FURSE, and Ms. ESHOO.

H.R. 2011: Mr. HOYER.

H.R. 2185: Mr. BORSKI, Mr. LIPINSKI, Mr. THOMPSON, Mr. COBURN, and Mr. FILNER.

H.R. 2200: Mr. LIPINSKI and Mr. SENSENBRENNER.

H.R. 2209: Mr. KASICH.

H.R. 2320: Ms. KAPTUR, Mr. CREMEANS, Mr. CANADY, Mr. VISCLOSKY, and Mr. NETHERCUTT.

H.R. 2342: Mr. FIELDS of Texas and Mr. POSHARD.

H.R. 2396: Mr. BENTSEN, Mr. BREWSTER, Mr. ENGLISH of Pennsylvania, Mr. FRAZER, Mrs. KELLY, Mr. LANTOS, Mr. LUTHER, Mr. ROMERO-BARCELO, Mr. SISISKY, Mr. SMITH of New Jersey, and Mr. VOLKMER.

H.R. 2528: Mr. FARR, Mr. CONDIT, and Mr. DOOLEY.

H.R. 2579: Mr. PASTOR, Mr. UPTON, Mr. MINGE, and Mr. SCHIFF.

H.R. 2582: Mr. CRANE.

H.R. 2688: Ms. LOFGREN.

H.R. 2745: Mr. PORTMAN.

H.R. 2746: Mr. MEEHAN, Mr. KENNEDY of Massachusetts, Mr. FRAZER, Mr. EVANS, Mr. SHAYS, Mr. OLVER, Mr. STARK, and Mr. WATT of North Carolina.

H.R. 2798: Mr. PETERSON of Minnesota.

H.R. 2820: Mr. QUILLEN, Mr. WAMP, Mr. CARDIN, and Mr. HILLEARY.

H.R. 2966: Mrs. MEYERS of Kansas.

H.R. 3059: Mr. EVANS.

H.R. 3119: Mr. FAZIO of California.

H.R. 3142: Mr. FRISA, Mr. ROYCE, Mr. BALLENGER, and Ms. WOOLSEY.

H.R. 3170: Mr. ANDREWS.

H.R. 3172: Mr. DELLUMS.

H.R. 3199: Mr. SALMON, Mr. FROST, Mr. SENSENBRENNER, Mr. FAWELL, Mr. SHUSTER, Mr. NETHERCUTT, Mr. HORN, and Mr. LAUGHLIN.

H.R. 3200: Mr. SOUDER, Mr. MINGE, Mr. FLANAGAN, Mr. CONDIT, Mrs. LINCOLN, Mr. LATHAM, Mr. ARCHER, Mr. RADANOVICH, Mr. SHADEGG, Mrs. CHENOWETH, Mr. LUCAS, Mr. PORTER, Ms. DANNER, Mrs. CUBIN, Ms. PRYCE, Ms. MCCARTHY, Mr. COOLEY, Mr. BAKER of California, Mr. BLUTE, Mr. HEFLEY, Mr. THOMAS, Mr. CRAMER, Mr. RIGGS, Mr. DOOLITTLE, Mr. HERGER, Mrs. SMITH of Washington, Mr. POMBO, Mr. CALVERT, and Mr. MCKEON.

H.R. 3208: Mr. ENGLISH of Pennsylvania, Mr. HORN, and Mr. SMITH of Michigan.

H.R. 3224: Mr. FRANKS of New Jersey.

H.R. 3226: Mr. SPRATT, Ms. ROYBAL-ALLARD, and Mr. FOX.

H.R. 3251: Mr. EVANS.

H.R. 3267: Mr. EHLERS.

H.R. 3294: Mr. EVANS, Mr. PAYNE of New Jersey, Mr. OLVER, Mrs. CLAYTON, and Mr. HORN.

H.R. 3303: Mr. MONTGOMERY, Mr. BILBRAY, and Mr. FRANK of Massachusetts.

H.R. 3340: Ms. DANNER, Mr. HOUGHTON, Mr. ROGERS, Mr. ROHRABACHER, Mr. CUNNINGHAM, and Mrs. MINK of Hawaii.

H.R. 3356: Mr. POMEROY.

H.R. 3374: Mr. FRAZER, Mr. FOGLIETTA, and Mr. FROST.

H.R. 3379: Mr. MINGE.

H.R. 3396: Mr. CHRYSLER, Mrs. CHENOWETH, Mr. SPENCE, Mr. LIPINSKI, Mr. HASTERT, Mr. HAYWORTH, Mr. SAM JOHNSON, Mr. RAHALL, Mr. TALENT, Mr. HASTINGS of Washington, Mr. HUNTER, Mr. WICKER, Mr. TIAHRT, Mr. MONTGOMERY, and Mr. HALL of Ohio.

H.R. 3421: Mr. BURTON of Indiana, Mr. WATT of North Carolina, Mr. GOODLATTE, Mr. SPRATT, and Mr. TRAFICANT.

H.R. 3449: Mr. FROST, Mr. BREWSTER, and Mr. RICHARDSON.

H.R. 3462: Mr. HILLIARD.

H.R. 3468: Mr. SALMON and Mr. PAYNE of Virginia.

H.J. Res. 70: Mr. JACKSON and Mr. HINCHEY.

H.J. Res. 178: Mr. SAXTON and Mr. LOBIONDO.

H. Con. Res. 151: Mr. COSTELLO, Mr. LAFALCE, Mr. MONTGOMERY, and Mr. SERRANO.

H. Con. Res. 164: Mr. LUCAS, Mr. MARTINEZ, and Mr. HUNTER.

H. Res. 266: Mr. UNDERWOOD, Mr. FROST, Mr. BECERRA, Ms. MCKINNEY, Ms. FURSE, Ms. PELOSI, Ms. ROYBAL-ALLARD, Mr. BROWN of California, Mr. SKEEN, and Mr. FRAZER.

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. 3396: Mr. HASTINGS of Florida.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3322

OFFERED BY MR. WELDON OF FLORIDA

AMENDMENT NO. 24: Page 26, line 12, strike "$2,167,400,000" and insert in lieu thereof "$2,107,400,000".

Page 30, line 11, strike "$1,957,850,000" and insert in lieu thereof "$2,017,850,000, of which $1,594,550,000 shall be for personnel and related costs, $35,000,000 shall be for travel, and $388,300,000 shall be for research operations support".

EXTENSIONS OF REMARKS

MIGRATORY BIRD BAITING

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. YOUNG of Alaska. Mr. Speaker, on May 15, 1996 the House Resources Committee held an oversight hearing on the U.S. Fish and Wildlife Service's baiting regulations under the Migratory Bird Treaty Act. One of our witnesses was George Reiger of Locustville, VA who is the conservation editor of Field and Stream. An avid reader of his monthly column, I was honored to hear this man with outstanding conservation and private property rights credentials give one of the more blunt and informative statements ever made before a congressional committee.

George Reiger and I both remember the day when Federal wildlife law enforcement agents and policies were more practical and less confrontational. Mr. Reiger's testimony stated, "I've seen Federal law enforcement agents increasingly pursue policies that have done little or nothing to increase the flocks, but which have succeeded in driving many ordinarily law-abiding hunters from the field, including landowners who once invested considerable assets in migratory bird management, but who are now no longer willing for fear of violating a law no one understands."

I urge my colleagues to read Mr. Reiger's testimony to learn about problems associated with the current baiting regulations and possible ways to improve this situation.

TESTIMONY BY GEORGE REIGER, CONSERVATION EDITOR OF FIELD & STREAM, AT THE CONGRESSIONAL HEARING ON MIGRATORY BIRD BAITING REGULATIONS, MAY 15, 1996

My name is George Reiger. I've been conservation editor of Field & Stream for 22 years. During that time, I've watched languid leadership in the U.S. Fish and Wildlife Service improvise management policies that brought most migratory birds, and ducks in particular, to historic population lows. At the same time, I've seen Federal law enforcement agents increasingly pursue policies that have done little or nothing to increase the flocks, but which have succeeded in driving many ordinarily law-abiding hunters from the field, including landowners who once invested considerable assets in migratory bird management, but who are now no longer willing for fear of violating a law no one understands.

The Migratory Bird Treaty Act gives the Federal Government the right to tell sportsmen when they can hunt migratory birds and how many per day or season they can shoot, but not the time of day, gauge of shotgun or other, what are normally considered, ethical options. Such matters should be for sportsmen's clubs and personal conscience to determine.

Unfortunately, we live in a legalistic society, and lawyers have little faith in the power of personal conscience. As a result, and beginning in the 1920s, we've created a spectrum of moralistic rules to regulate migratory bird hunters which have little, if any, value for scientific management of the birds. The most arbitrary and capricious of these rules concern baiting. Incredibly, the Fish and Wildlife Service is now considering expanding these rules to include [quote] "the manipulation of native vegetation in wetland habitats" [end quote]. Thus, pasture owners in the Southeast who have been burning hydric soil areas for more than 130 years to attract snipe for hunting may shortly be prosecuted for doing so under federal law. Likewise, duck hunters in the West who cut cattails and bulrush in order to open up holes in the marsh and to provide themselves with material for making blinds could be charged with baiting.

Although career opportunism undoubtedly underlies some abuses by federal law enforcement agents, I'm willing to give most agents the benefit of the doubt by assuming their excessive zeal is a function of their having watched the Fish and Wildlife Service underwrite the collapse of continental duck populations in the 1980s and now claim that only partially recovered stocks are so fully recovered that we can shoot them at daily rates exceeding those we had even in the 1950s, when we really had ducks.

One result has been a no-warning law enforcement policy. Agents stake out allegedly baited ponds and fields and then wait until the maximum number of ducks or doves are killed before beginning to write summonses. Shouldn't the agents themselves be liable for prosecution when they have the authority to stop illegal shooting but do nothing until the worse-case scenarios are acted out?

Since many of the people cited for baiting are hunting as guests and are not even aware of the subtle difference between "feeding," which is legal, and "baiting," which is illegal, they often give up hunting, and the conservation dollars they once generated through their purchase of hunting licenses, bird stamps and excise taxes on firearms and ammunition is lost to wildlife management. Adding insult to injury, the reputation of hunters gets another kick in the head every time a sensational headline about a "baiting bust" hits the evening news.

That's why I recommend that Congress replace the deadend policies of the Fish and Wildlife Service with a requirement that federal agents must notify landowners of properties managed for wildlife in advance of the hunting season when there is some question of baiting. To prevent these federal agents from shutting down properties willy-nilly, they must work with and have the approval to post a property off-limits to hunters by a state conservation officer. If bait is merely dumped out after the season begins, state or federal agents will continue to have the right to cite such obvious violations.

This prevention-oriented approach would have several positive results:

First, the policy constitutes genuine conservation; SWAT team and commando tactics do not. With few, if any, innocent bystanders caught up in stings, the hunting tradition will be better served and its wellspring of conservation dollars better preserved.

Second, by avoiding confrontation and headlines, federal agents would recover some measure of the respect they've lost among many sportsmen.

Third, a policy of prevention will ultimately result in fewer baiting violations, because the states will develop a clearer interpretation of the rules than federal agents, many of whom feel they have no need to maintain good relations with local citizens.

For too many decades, hunters have been haunted by baiting regulations in which they've borne a burden of strict liability. It's long past time, both for the sake of hunting as well as for the birds themselves, to make diplomacy the number one priority of wardens and to shift the burden of proof and intent back to the government where it belongs.

Thank you.

HONORING MS. RUTH CORTER

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. CLINGER. Mr. Speaker, I rise today to pay tribute to Ruth Corter of Boalsburg, PA.

On Sunday, May 26, the citizens of Boalsburg will gather to recognize Ruth Corter as the guiding spirit of the community. It is through the dedication and effort of Ruth Corter that this day was made possible.

For 48 years, Ruth has dedicated her services to the community of Boalsburg, 24 of those years serving as teacher and principal in the Boalsburg elementary school system.

What Ruth is most know for though is her tenure as the resident historian of Boalsburg, PA. In this role she helped to found the Boalsburg Village Conservancy in 1973 and the Boalsburg Heritage Museum in 1983, both of which are to preserve and commemorate the history of Boalsburg, PA and its community.

Ruth's contributions to the Community were recognized in 1989 when she was distinguished as a national treasure by the State legislature of Pennsylvania.

Through her service to the community of Boalsburg, Ruth has proven her commitment to enriching the quality of life for others. It is a rare gift for one individual to impact the lives of so many people.

Mr. Speaker, it is my distinct pleasure to recognize Ruth Corter as the guiding spirit of Boalsburg, PA. Once again, I congratulate her and offer my best wishes for continued success.

THE SUPREME COURT RULING ON COLORADO INITIATIVE NO. 2

HON. JIM McDERMOTT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. McDERMOTT. Mr. Speaker, I rise to salute yesterday's U.S. Supreme Court decision prohibiting States from singling out specific classes of citizens for discrimination. And I rise in opposition to recent attempts by this body to restrict the rights of certain groups of citizens.

Yesterday's decision is long overdue and cannot be ignored. We have heard much rhetoric about State autonomy in this Congress. Yesterday's ruling affirms that individual States may not deny anyone the exercise of rights guaranteed by the Constitution to all.

Many in our society cite religious beliefs as validation for withholding full constitutional rights from gays and lesbians. This is not a religious issue; each religion's practitioners are free to conduct themselves in accordance with their beliefs. This is a civil matter—an issue of whether or not all American citizens are treated equally under civil law.

In the last few years, we have witnessed an unprecedented campaign to inject fear and hatred into public discourse. It is time to stop this rhetoric and to withdraw the antigay and antilesbian initiatives currently proposed in the Congress. It is time to stop pitting one group of citizens against another. It is time to create a climate of acceptance for the diversity we find among our citizens. Let us focus on bringing people together and fostering relationships in which people care for each other. Let each citizen decide whom he or she loves—not the Federal Government.

TRIBUTE TO ARDEN TRANDAHL

HON. TIM JOHNSON

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. JOHNSON of South Dakota. Mr. Speaker, I rise today to give high praise to a man who has dedicated his life to government service and the operation and management of fish hatchery operations in the United States. Arden Trandahl has provided over three decades of expertise at hatchery operations in South Dakota, Minnesota, and Ohio. The past 18 years has been spent as manager of the DC Booth Fish Hatchery in Spearfish, SD. Nestled in the beautiful Black Hills of South Dakota, the fish hatchery operations became a labor of love for Arden Trandahl. When the hatchery was closed by the Federal Government in 1983, the city of Spearfish requested and received permission to manage the hatchery. Arden, who has served as manager of the Spearfish hatchery since 1978, left government service at this time to work for the city managing hatchery operations.

Renamed the DC Booth Fish Hatchery after its first superintendent, the U.S. Fish and Wildlife Service took an active interest in the hatchery and began operations in 1989, hiring Arden back as its manager of the site. Since 1989, Arden has been a driving force in efforts to renovate and expand the DC Booth Fish Hatchery. Due in part to the leadership and oversight of Arden, the hatchery has been renovated and will serve the educational and informational needs of the viewing public for generations to come. I stand to commend the efforts of Arden Trandahl on the occasion of his formal retirement from 32 years of dedicated government service and wish him well in his future endeavors.

CONGRATULATIONS TO THE 21 GRADUATING SENIORS OF CALIFORNIA STATE UNIVERSITY, HAYWARD'S UPWARD BOUND PROGRAM

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. STARK. Mr. Speaker, I rise today to recognize the achievements of the upward bound program at California State University, Hayward [CSUH], in California's 13th Congressional District, and the 21 high school seniors who are graduating from the program this Saturday, May 25, 1996.

The upward bound program began in 1965 at colleges and universities throughout the country. The purpose of the program is to prepare low-income students who will be the first in their families to receive a 4-year college degree to attend a college or university. The program provides tutoring, instruction, counseling, career orientation, and an opportunity to experience educational development and personal growth within a college setting to these students while they are still in high school. There are now over 550 upward bound programs nationwide. The Program at CSUH began in 1990 and now serves 65 low-income, first generation high school students in southern Alameda County.

To be eligible for the upward bound program, a student must meet the following requirements; the student must have the potential to succeed in college although his or her grades or test scores may not reflect this, the student must come from a low-income background as established by the U.S. Department of Education, or come from a family whose parents or guardians have not graduated from a 4-year college.

The upward bound program at CSUH consists of two parts. The academic year component includes Saturday instructional sessions at CSUH, tutorial sessions during the week, field trips to places of educational, cultural, and recreational value, assistance in preparing students' academic programs, college admission applications, and financial aid applications, participation in cultural and other special activities, and close communication with the students' high school teachers, counselors, and parents in a coordinated effort to maximize students educational development. The summer session component is an intensive 4 to 6 week residential and academic program at CSUH. Upward bound students take high school level developmental and enrichment courses while receiving tutoring and intensive career, academic, and personal counseling. Students also have access to all facilities available to regular CSUH students, including sports, cultural, and recreational events, field trips, entertainment, and college orientation. All of these activities give the upward bound student the opportunity to see what it is like to live as a college student.

I would like to take this opportunity to mention the upward bound graduating seniors by name. In alphabetical order, they are Juan Callejas, Paul Childress, Ronald Clark, Magdelena Chmielinski, Maria Coronado, Tiffini Cox, Janelle Davis, Javier Garcia, Lonnie Houston, Jennifer Laforga, Kishneel Lall, Raquel Leon, Ajanta Lewis, Justin Mallet, Chelsea Parnell, Edward Rhea, Keywonishi Rogers, Mohan Sakhrani, Reybeykah Salaries, Tram-Anh Ta, and Eeric Tsu.

Mr. Speaker, I ask that you and my colleagues join me in congratulating these students on their achievement and in recognizing CSUH's upward bound program for its dedication and commitment to promoting educational equity and opportunity through a program that opens doors to students who are in the first generation of their families to consider postsecondary education.

TRIBUTE TO STUDENTS OF JORDAN HIGH SCHOOL

HON. DAVID FUNDERBURK

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. FUNDERBURK. Mr. Speaker, I would like to take a moment to recognize the accomplishments of a group of exemplary high school students from Jordan High School in Durham, NC. These outstanding young people were participants in the We the People . . . the Citizen and the Constitution national finals, April 27 through April 29 in Washington, DC. The students competed against 49 other classes from around the Nation in a simulated congressional hearing in which students testified as constitutional experts before a panel of judges.

This program, administered by the Center for Civic Education, is one of the most extensive of its kind, involving more than 22 million American students from the elementary level to the high school level.

The following Jordan High School students are to be commended for their efforts: Alyson Beacham, Joe Blocher, John Cerquiera, Shekinah Cohn, T.J. Eatmon, Jared Hanson, Sarah Harrocks, Hao Lo, Sharon Mason, Catherine McCall, Kevin Neary, Vera Reed, Aran Stynes, Vanessa Vigna, Becky Walden, and John Zhu. I would also like to salute their teacher and mentor, Susan Roe.

TRIBUTE TO SUSAN BUTLER

HON. DOUGLAS "PETE" PETERSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. PETERSON of Florida. Mr. Speaker, it is an honor for me to rise today and pay special tribute to a constituent of mine, Mrs. Susan Butler, of Lynn Haven, FL. Mrs. Butler was recently selected as a winner of the Presidential Award for Excellence in Science and Mathematics Teaching.

This award is administered by the National Science Foundation and is designed to recognize and reward outstanding teachers from elementary and secondary schools. The winners are those who serve as models for their colleagues in the important areas of science and mathematics education. Hopefully, the increased visibility this award presents will encourage high-quality teachers to enter into and remain in the teaching field.

Susan Butler teaches chemistry and biology at Rutherford High School in Panama City, FL. Her use of portfolio assessments as part of student curriculum has earned her wide acclaim and respect among her peers, as well as her students and their parents. As testament to the commitment she has to the development of her students, she also serves as the Health Occupations Academy Coordinator.

This is a well-deserved honor, and I offer my sincerest congratulations to Mrs. Butler. She is a credit to the teaching profession and I am proud to be able to offer these remarks for publication in the CONGRESSIONAL RECORD as one small tribute to her work.

HONORING THE RETIRED SENIOR VOLUNTEERS OF McKEAN COUNTY, PA

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. CLINGER. Mr. Speaker, I rise today to honor the retired senior volunteers of McKean County in the Fifth District of Pennsylvania. I am pleased to have this opportunity to recognize the 74,000 hours of service that these individuals have given to our communities.

As we celebrate Older American Month, it is fitting that we reflect on the contributions of seniors at both a local and national level. I have long believed that involvement by senior citizens in the workforce adds a unique and distinctive value to each job that is performed, person that is helped, or solution that is offered.

I applaud the hard work and determination that each of these volunteers has dedicated to serving the residents of McKean County, their efforts are an inspiration to us all. In addition, each of these individuals has paved the road for all of us who will eventually retire and in doing so continue to enhance the foundation of our communities.

Each project that they have so diligently attended to—from campgrounds to playgrounds, providing meals, making repairs, and assisting others in need—demonstrates the depth of caring that all of the volunteers should be proud of.

It takes more than words to adequately express the difference that senior volunteers have made in the lives of so many and it is with great honor and heartfelt gratitude that I thank them for their years of kind and generous service.

A SALUTE TO GENE McCUE

HON. TIM JOHNSON

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. JOHNSON of South Dakota. Mr. Speaker, I rise today to pay tribute to Gene McCue, a South Dakotan whose career has been dedicated to rural development, and to improving the quality of life in rural South Dakota. After more than 34 years of admirable service to the U.S. Department of Agriculture, Gene McCue will retire on June 22, 1996.

Gene McCue is a true South Dakotan. Upon serving honorably in the U.S. Navy, Gene attended South Dakota State University and received a bachelor of science degree in agriculture. Using his hands-on knowledge of farming and ranching, Gene jump-started his successful career with the USDA as an assistant disaster loan supervisor. However, Gene's spirit of leadership led him to an accomplished career in rural development and farm credit, eventually culminating as the District III rural development manager in Rapid City.

In addition to his career accomplishments, Gene's character enriched the lives of his coworkers. His leadership at the Department inspired his colleagues to emulate his performance and good judgment. I commend Gene for his dedication, and I personally appreciate the support that he has given to me, my staff, and his fellow South Dakotans. Although Gene is retiring from the Department, I am confident that his legacy of leadership and dedication will thrive in the hearts of his colleagues and all South Dakotans who have benefited from jis judicious work.

Gene McCue is a selfless man. In addition to his service to the Federal Government, Gene is the chairman of the board of directors for the Sky Ranch For Boys, a safe house for troubled and impoverished boys. As Gene embarks on this new chapter in his life, I congratulate him on a job well done, and wish him all the best.

IN HONOR OF JUDGE WILMONT SWEENEY

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. STARK. Mr. Speaker, I rise today to recognize Judge Wilmont Sweeney who is retiring as presiding judge of the Juvenile Division of the Alameda County Superior Court on June 1, 1996. I would like to take this opportunity to commend Judge Sweeney for his years of dedication and commitment to the welfare of the children of Alameda County, in California's 13th Congressional District.

Judge Sweeney is a long-time resident of the San Francisco Bay Area. He received his undergraduate degree in 1950 from the University of California at Berkeley and his J.D. from Hastings College of the Law in San Francisco. After being admitted to the California Bar in 1955, he began his legal career in private practice with the firm Wilson, Metoyer, Sweeney & Broussard.

In 1974, Judge Sweeney was appointed to the Berkeley-Albany Municipal Court Bench by Governor Reagan and was elected in 1978. In 1979, Judge Sweeney was elected to the Superior Court Bench of Alameda County by Governor Brown, Jr. He was reelected to the Superior Court in 1986 and 1992. Judge Sweeney became presiding judge of the Juvenile Division of the Alameda County Superior Court in 1981.

As presiding judge, Judge Sweeney has been an inspiration to others in the field of juvenile law. He was a founding member of the Juvenile Court Judges of California. In 1992, he was the first recipient of this organization's Juvenile Judge of the Year Award. During Judge Sweeney's tenure, the Alameda County Juvenile Court developed a reputation second to none for its compassion and commitment to justice for children, their families, and the community.

Judge Sweeney has always been an active member of the community. From 1961 to 1974, he served as a member of the Berkeley City Council and from 1967 to 1974, he was the vice mayor of the city of Berkeley. He has also served on a number of committees including the Judicial Council Advisory Committee on Juvenile Court Law, the Juvenile Court Judges of California Executive Committee, the Child Abuse Policy Board of Alameda County, and the Robert Woods Johnson Foundation Strategic Planning Committee.

Mr. Speaker, I would like to ask that you and my colleagues join me in recognizing Judge Wilmont Sweeney for his years of dedication to the children of Alameda County and to wish him well in all of his future endeavors. He will be missed.

TRIBUTE TO KAREN CABE GIBSON'S CLASS AT R.B. STALL HIGH SCHOOL, STATE WINNERS OF THE "WE THE PEOPLE . . . THE CITIZEN AND THE CONSTITUTION" COMPETITION

HON. MARSHALL "MARK" SANFORD

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. SANFORD. Mr. Speaker, high school students from across the Nation have recently visited Washington to compete in the "We the People," program. I am proud to say that South Carolina's winner is R.B. Stall High School from the First district. They were kind enough to drop by my office, and I had the opportunity to personally meet and congratulate the students, teachers, and coaches. At a time when only about one in six citizens between

the ages of 18 and 24 even register to vote, it was heartening to meet so many young people who are shining examples of a new generation of leadership for our Nation.

The teacher of this winning class is Karen Cabe Gibson, who is no newcomer to success. She has produced winning classes for South Carolina all but twice since the competition began. As a result of her countless hours of dedication and with the support of fellow teachers Marshall Ward, Grace Perreault, and principal James Hampton, she once again brought out the best of a class of eager and knowledgeable minds. I trust these students will now go on in life to practice all they have learned.

Mr. Speaker, I am proud to individually recognize the students from Mrs. Gibson's class:

Sheri Aiken, Nahal Badiian, Richard Carawan, Allan Casanova, Dewayne Cid, Timothy Dasinger, Becky Doscher, Treva Floyd, Michael Gale, Nicole Gethers, Jeff Harvey, Kalynne Kay, Kim Kay, Michael Kay, Trent Legare, Andrew May, Carlos Medina, Jonette Mullineaux, John Pizarro, Desmond Rollins, John Sageser, Cherie Tetterton, Danielle Towns, Timothy Whaley, and Sean Womersley.

I would be remiss if I did not thank the South Carolina Bar, the Charleston County School District and the many volunteers who served as judges and timekeepers during the competition and practice. The program could not have been successful without their backing.

OUTFOX PHONE FRAUD

HON. CLIFF STEARNS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. STEARNS. Mr. Speaker, recently we passed groundbreaking legislation that will unshackle companies and inject competition into the telecommunications industry. This competition will bring about more consumer choice, better services, and lower prices. However, in 1996, this dynamic telecommunications industry is expected to suffer from fraud surpassing $3.7 billion.

I would like to commend the Alliance to Outfox Phone Fraud, a group of companies who have come together to educate consumers and businesses about telecommunications fraud. Big businesses are victims of phone fraud too. A recent survey of 90 businesses who were victims of toll fraud found losses ranged from a few thousand dollars to $4 million.

Those who commit fraud don't just steal from a big telecommunications company, they also steal from you and me. We, as consumers, are forced to pay higher prices in order to make up the loss these telecommunications companies incur, when they are defrauded. If we all follow the alliances' commonsense tips, we will do our part to help outfox fraud and bring down consumer prices.

IN MEMORY OF GEORGE WASHINGTON JENKINS, JR.

HON. CHARLES T. CANADY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. CANADY of Florida. Mr. Speaker, I want to call attention to the House: Florida and the supermarket industry have suffered a mighty loss. A great philanthropist, entrepreneur, family man and friend, George Washington Jenkins, Jr., passed away peacefully in his sleep in Lakeland, FL, April 8.

Mr. Jenkins moved to Tampa, FL, in the summer of 1925 hoping to make his fortune in the real estate boom, but instead started working in a Piggly Wiggly grocery store. It wasn't long after, in 1930, that he founded his own business—and a cornerstone to the Florida economy—Publix Super Markets.

Jenkins was revered by his peers as a genius in food retailing and under his leadership Publix grew to more than 514 supermarkets throughout Florida, Georgia, and South Carolina.

But Publix is not the sole way Jenkins is remembered. It was his kindness, generosity and love for his fellow human being which won him favor in the hearts of so many. From his substantial, personal contributions to the United Way to his involvement with the Boy Scouts of America to philanthropic efforts too numerous to name, Jenkins' generosity touched the lives of thousands of people.

And he continued his service to the community through memberships in local organizations. Jenkins had been a Rotary member since 1929; he was active in chambers of commerce, the YMCA and his own local church. He was also a 33-degree Scottish Rite Mason, a Shriner, and a Jester.

Few people are born with the genuine, giving spirit that Jenkins embodied. His motto for his Publix team was, "Publix will be a little better place to work—or not quite as good—because of you."

Today, let us know that this world is a little better place to live in because George Jenkins was in it. We will miss him greatly.

HONORING THE RETIRED SENIOR VOLUNTEERS OF CAMERON COUNTY, PA

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. CLINGER. Mr. Speaker, I rise today to honor the retired senior volunteers of Cameron County in the Fifth District of Pennsylvania. I am pleased to have this opportunity to recognize the 74,000 hours of service that these individuals have given to our communities.

As we celebrate Older American Month, it is fitting that we reflect on the contributions of seniors at both a local and national level. I have long believed that involvement by senior citizens in the work force adds a unique and distinctive value to each job that is performed, person that is helped, or solution that is offered.

I applaud the hard work and determination that each of these volunteers has dedicated to serving the residents of Cameron County, their efforts are an inspiration to us all. In addition, each of these individuals has paved the road for all of us who will eventually retire and in doing so continue to enhance the foundation of our communities.

Each project that they have so diligently attended to—from campgrounds to playgrounds, providing meals, making repairs, and assisting others in need—demonstrates the depth of caring that all of the volunteers should be proud of.

It takes more than words to adequately express the difference that senior volunteers have made in the lives of so many and it is with great honor and heartfelt gratitude that I thank them for their years of kind and generous service.

SENIOR SECURITY IS THREATENED BY ANTI-DUPLICATION NOTIFICATION PROVISION IN HEALTH INSURANCE BILL

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. STARK. Mr. Speaker, there once was a senior from Tupelo. Who had so many duplicative health insurance policies, she didn't know what to do!

Before 1980, this was all too often the case. Senior citizens were being sold costly health insurance policies that they were told would supplement their Medicare coverage. Instead, those policies provided them with nothing but a hole in their pocket because most of what was covered by the supplemental policy was already covered by Medicare. Thus, seniors were paying for worthless health care policies that did nothing but break the bank.

Over the past 16 years, I have helped pass laws that prohibit the sale of duplicative health insurance policies to unknowing seniors. I have also helped pass laws that require insurance companies to give prospective senior purchasers a slip of paper that lets them know that the health insurance policy they are buying duplicates some Medicare benefits.

But once again, the House Republicans have kow-towed to greedy big insurers and included a provision in their health insurance legislation which effectively tosses that slip of paper in the trash—and along with it consumer protection for our senior citizens. The Republicans want to abolish the law that requires insurance companies to notify Medicare beneficiaries before selling them insurance that duplicates any of their Medicare benefits. It seems that Republicans are happy to let big insurers duplicate benefits—and dupe our senior citizens in the process.

BACKGROUND

Sixteen years ago, the Federal Government responded to increasing evidence that senior citizens were being sold duplicative, virtually worthless health insurance policies. In 1980, Congress enacted the Baucus amendments to

the Social Security Act, which established standards for MediGap, Medicare supplemental insurance, and prohibited the sale of health insurance policies which substantially duplicated Medicare benefits.

In 1990, Congress further refined the law by prohibiting the sale of health insurance that duplicates Medicare benefits. In 1994, amendments to the Social Security Act allowed the sale of duplicative policies as long as the policy paid out regardless of other coverage and as long as the buyer was made aware of the duplicative services included in the supplemental policy. This law empowered seniors, allowing them to make good health care purchasing decisions and in the process saved them money.

MOVING BACKWARDS—THE REPUBLICAN SCHEME TO PROTECT INSURANCE COMPANIES AT THE EXPENSE OF CONSUMER PROTECTIONS FOR SENIORS

As part of the health insurance legislation, which passed the House on March 28th, Republicans slipped a provision into the bill which would no longer require insurance sales staff to let seniors know if the policy they were selling them duplicated their Medicare benefits. That is ridiculous. By eliminating this requirement, we are effectively turning back the clock to the days where seniors got ripped-off by unscrupulous salesmen right and left. Why would we want to do this to our fathers and mothers, our grandmothers and grandfathers? Apparently, the Republicans don't care if our families are taken advantage of by the insurance companies.

DUMP THE ADD-ON LANGUAGE, NOT THE CONSUMER PROTECTION

The Senate health care legislation, known as the Kassebaum-Kennedy legislation does not eliminate the consumer notification requirement. It represents good health policy by providing health insurance security for thousands more Americans without putting our seniors at risk. The House version which eliminates the notification requirement, eliminates security for our seniors by making them targets for abuse by insurance companies.

We must strike the language that eliminates consumer notice requirements. Current law protects our seniors by ensuring that potential subscribers understand that they may not need the coverage provided under the policy they are being asked to purchase. If we do not strike this language, senior citizens will look like dollar signs rather than educated consumers to insurance sales staff.

I support the Kassebaum-Kennedy version of the health care legislation currently before Congress. We cannot allow the Republicans to eliminate the consumer notification protection and put our parents and grandparents at risk. As the saying goes, you get what you pay for. But in this case, seniors pay through the nose and get nothing but taken to the cleaners.

MEMORIAL DAY—A DAY OF COMMITMENT

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. FILNER. Mr. Speaker, Memorial Day will soon be upon us. Through ceremonies and private contemplation, we will honor our war dead—one million, one hundred eighty thousand and ten Americans who have died since the war that gave birth to our Nation more than two centuries ago.

This custom has been a practice of all civilizations, from ancient Greece and Rome to modern day observances. I find Memorial Day to be particularly meaningful because it is a day when we set aside our everyday preoccupations to focus on the significant sacrifices made to keep our Nation strong and free.

At Memorial Day services in Arlington National Cemetery in 1982, President Reagan summed up the thoughts of his country when he said: "The willingness of some to give their lives so that others might live never fails to evoke in us a sense of wonder and mystery. I have known that poignant feeling as I looked out across the rows of white crosses and Stars of David in Europe, in the Philippines, and the military cemeteries here in our own land. Each one marks the resting place of an American hero. Each died for a cause he considered more important than his own life, for the values which make up what we call civilization."

Freedom of speech and freedom to choose our religion, the responsibility of participating in our democracy through the ballot, the opportunity for achieving an education and earning a living—these are the defining pillars upon which our Nation is built, and these are the values that we must defend and pass along to our children.

This day leaves few hearts unmoved in recalling the brave men and women who died in defense of these values of freedom and democracy. Memorial Day is not about war or peace. It is about people who have made the ultimate sacrifice for our Nation.

How can we best honor their memory? We must make our lives a tribute to them by sustaining the values for which they fought. We must teach our children the freedoms we enjoy are due to the sacrifices by the Americans who were willing to die for freedom. We must pass along to future generations the importance of education and work. We must remind our youth that their right to free speech and to vote must not be taken lightly. We must provide opportunities for all our children to participate in this Nation's abundance. We must retain such basic rights as health care, decent food and housing, protection of our precious environment, and education by making them our highest priorities.

In doing so, we will build a lasting memorial to our loved ones. Let us keep these commitments in our hearts as we commemorate Memorial Day, 1996.

A SALUTE TO ELIZABETH SPAULDING ALEXANDER

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. FOGLIETTA. Mr. Speaker, I rise today to salute Elizabeth Spaulding Alexander on the occasion of her retirement from the Philadelphia School District.

Ms. Alexander educated at Fayetteville State University, Marywood College, Temple University, University of the Arts and St. Joseph's University both in Philadelphia, began her tenure with the Philadelphia School District over 30 years ago. Ms. Alexander's teaching career has been marked by numerous awards and many classes of outstanding students. Alexander received the Celebration of Excellence in Teaching Award in 1986 and the Rose Lindebaum Improvement-of-Education Award in 1987. These awards presented to Ms. Alexander were in recognition of her creative teaching techniques, her willingness to involve her students in extracurriculum activities, and her volunteer activities as a tutor in the Adult Literacy Program. Ms. Alexander is an outstanding person who should be commended for her numerous contributions to the field of education in the Philadelphia community.

I wish to join today with the Philadelphia School District, Ms. Alexander's family and friends in recognizing her for her many years of service with the school district and the Philadelphia community. I wish you health, happiness, and prosperity in your retirement years. It is well deserved.

FREE PRESS IN INDIA

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. KING. Mr. Speaker, the facade of a free press in India is crumbling before our eyes. Just the other day the Indian Government sized all the copies of the Kashmir Times newspaper. The seizure was reported in the May 13 issues of the Tribune of Chandigarh. I am introducing this article into the RECORD. According to the report, the newspaper was seized for printing objectionable material about the election process. This objectionable material is not specified. An Urdu-language newspaper, Awam, had been seized previously for similar reasons. India likes to tell the world that it has a free press, but this episode shows that this claim is false.

These seizures would be bad enough if they were isolated incidents. They are not. This repeats a pattern of Indian Government behavior which has previously been prevalent in Punjab, Khalistan, as well as Kashmir, and other states seeking self-determination. Many of us condemned those incidents, including a blanket censorship order imposed on Punjab, Khalistan, back in 1994. I hope that the new Government of India will move to put an end to this kind of repressive activity and that India will finally live up to its democratic principles.

[From the Tribune, May 13, 1996]

COPIES OF KASHMIR TIMES SEIZED

SRINAGAR, May 12.—The state authorities today seized all copies of the Jammu-based leading English daily, The Kashmir Times, at Srinagar airport.

The step was taken as the copies of the daily carried "objectionable material" regarding the on-going election process, the police said here.

The police had seized all copies of a national Urdu daily, Awam, for similar reasons on Friday last.

PERSONAL EXPLANATION

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. CLINGER. Mr. Speaker, on Tuesday, May 21, 1996, the House of Representatives voted to repeal the 4.3-cent-per-gallon tax on gasoline. Although I was unable to vote on this measure, H.R. 3415, I would have cast an "aye" vote in favor of the repeal.

While the history of excise taxes on motor fuel dates back to 1919, the 1993 gas tax increase was unprecedented. Part of the largest tax increase in U.S. history, it funneled dollars collected at the gas pumps not to help maintain and improve the safety and efficiency of our roads, but to fund the operations of the Federal Government.

As I have stated time and time again, and demonstrated in my votes on the House floor, I am a strong supporter of balancing the budget and reducing the Federal deficit. At the same time, I strongly believe that user-generated taxes, like the 4.3-cent gas tax, should be utilized for long-term capital improvement through the highway trust fund. As far as our budgetary woes in the general fund are concerned, our problem is not that we tax too little, but that we spend too much.

Pennsylvania's Fifth Congressional District is a sprawling terrain encompassing all or parts of 17 counties. It is the people who live in Warren, Renovo, and our other communities who are forced to pay higher prices at the pump. In the past few weeks, it has become more expensive for people to take their children to school; travel to and from work; or take a family vacation as summer travel begins. Especially now, they are in need of this relief.

By repealing the 4.3-cent tax, we will cease breaking faith with the American people. Meanwhile, to reduce the deficit, there are many avenues to pursue in search of Government streamlining and increased efficiency of Federal operations. People in rural Pennsylvania and from coast to coast should not be penalized with higher gas prices because of taxes that fund Big Government instead of badly needed roadway improvements.

TRIBUTE TO AMERICO VESPUCCI NAPOLITANO

HON. CHRISTOPHER SHAYS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. SHAYS. Mr. Speaker, I rise today as we enter the Memorial Day weekend to pay tribute to a truly great American, Americo Vespucci Napolitano. Nappy, as he is known by friends, served his country in Ireland, England, and Normandy as a member of General George Patton's 3rd Army Division. He was awarded the Purple Heart after being wounded during a battle in Brez, France.

Following his 6 years of service in the military, Nappy joined the U.S. Postal Service, where he was employed for 30 years.

After moving from Bridgeport to Trumbull, CT, Nappy joined American Legion Post 141 in the mid 1950's. Since that time he has been a stalwart member of the Post and is personally responsible for spearheading many of the organization's initiatives over the years. Having held every major position in the Post, he served as Post Commander on six occasions. Nappy was responsible for starting the Salvation Army bell-ringing project, the American Legion baseball team and the college scholarship program, as well as the Post's academic and scouting awards programs.

He is well-known as a tireless worker for his community and country and has given back to both in exemplary fashion over the years. He is a model for our youth and a symbol of that which is best in our country.

It has been my pleasure to pay respect to this great American as the entire country prepares to remember all those who served our Nation in its times of need.

THE MONTANA FREEMEN

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. JACOBS. Mr. Speaker, we now know that the so-called Freemen in Montana received huge amounts of free money from the Federal Government before they declared that our American Government is un-American. Typical.

Spoil someone who is not in need and he'll be the first to hate you.

These well-heeled welfare recipients, these somewhat citizens have misnamed themselves. They say they are Freemen, whereas in fact they are Freebeemen.

For that matter, after a fair trial they might well be known by this name: Common old fashion criminals with a new twist on resisting arrest.

DORIS WILLIAMS IS A CREDIT TO HER PROFESSION

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. BARCIA. Mr. Speaker, the only thing better than a job well done is a person who does the job well every time. Many of my constituents in the Fifth Congressional District of Michigan have benefited over the years from the dedicated, professional, and consistently excellent efforts of Doris Williams, the executive director of the Home Builders Association of Saginaw for the past 16½ years. Doris is being feted tomorrow at a retirement event that will only begin to detail the many achievements of her outstanding career.

Nothing is more personal than the decision of building a house. People certainly put their heard-earned dollars into the design and construction of their residence. But more importantly people put their emotions and desires into each structure. As we all know, sometimes those emotions and desires are rewarded with a tremendous facility constructed by true professionals. Yet at other times, those hopes have to be tempered by the reality of what can be done, and at what cost. The National Association of Home Builders works to guarantee that professional standards will be consistently met—not only standards of construction, but also standards of dealing. Local chapters, like the Home Builders Association of Saginaw, put these standards into effect, and professionals like Doris Williams make sure that they are followed.

Doris' influence goes well beyond the Saginaw area as she has been actively involved in the Women's Council of the National Association of Home Builders and a member of the National Association of Home Builders Executive Officers Council. She was recognized just 2 years ago as the Executive Officer of the Year—only the fourth recipient ever of this prestigious award—for her leadership in association management. She also has served as an officer and president of the Michigan Executive Officers Council of the Michigan Association of Home Builders.

And like a true professional, Doris will be sure to leave a legacy of excellence, including her service as a member of the advisory board for residential construction at Delta College. Her service at Delta is most appropriate given that she was the first female student to ever attend the residential construction classes at Delta.

People who do their jobs well are remembered, appreciated, and missed when they step down. Doris will be all of these, but at least we know she will continue to be available as a consultant to associations who need help with their day-to-day operations.

Mr. Speaker, I urge you and all of our colleagues to join me in wishing Doris Williams well as she enters retirement, and in thanking her for her devoted years of exemplary assistance to building professionals and their clients.

A TRIBUTE TO THE "MINNEHAHA" AND HER MANY VOLUNTEERS ON THE BOAT'S SECOND MAIDEN VOYAGE

HON. JIM RAMSTAD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. RAMSTAD. Mr. Speaker, I rise to pay special tribute to a unique community which has pulled together in a truly inspiring way to accomplish something remarkable.

On Saturday, May 25, 1996, a dream will be fulfilled and history will be relived.

On that day, a canary yellow, 70-foot-long, 76,000-pound, authentically steampowered craft—the express, or streetcar, boat *Minnehaha*—will once again be officially back on the beautiful and historic waters of Lake Minnetonka in Minnesota, making its maiden voyage from Excelsior to Wayzata.

Mr. Speaker, on Saturday there will be oceanwide smiles on the faces of boaters in a celebrating flotilla of accompanying watercraft and spectators on the shores of Minnesota's most history-steeped lake.

This historic event is the product of 6 years—and 80,000 hours—of hard work by dedicated, committed volunteers organized through the Minnesota Transportation Museum over the last decade and a half. Area children, citizens, and corporations gave $500,000 to make this dream possible.

On behalf of all the people of our area, State, and Nation, I want to offer my heartfelt thanks and deepest appreciation to all of them for resurrecting part of our history.

Once upon a time, 1906 to be exact, a half dozen of these fast, steam-powered express boats were launched on Lake Minnetonka: *Minnehaha; White Bear; Hopkins; Stillwater; Como;* and *Harriet.*

For two decades, these yellow vessels provided not so much a source of pleasure boating as they were the critical transportation of the time to the many communities stretched out across this lake of many bays.

To provide a bit of history, please let me read a brief excerpt from Eric Sayer Peterson's "The Little Yellow Fleet; A History of the Lake Minnetonka Streetcar Boats":

At the turn of the century, Thomas Lowry's renowned Twin City Rapid Transit Company was hard at work carving its own special niche in American history. To provide his patrons with even more services, Lowry decided to build a fleet of six steamboats to travel the waters of beautiful Lake Minnetonka, complementing his immense electric streetcar line which stretched all the way from Stillwater to the lakeshore at Excelsior, Minnesota. Lake Minnetonka was one of the few places in the world where passengers could transfer from a land-based streetcar and continue their journey in a steamboat that was owned and operated by the parent streetcar company. The unique vessels that Lowry built were the famed Lake Minnetonka streetcar boats.

But time, 20 years, and the Model 'T' brought the demise of this proud fleet. In 1926, the *Minnehaha* filed with red clay roofing tiles and scuttled north of Big Island.

Relocated in 1979 in 70 feet of water at the bottom of Lake Minnetonka and successfully raised to the surface in 1980, the boat then rotted on shore for another 10 years. In fact, less damage occurred to her structure through more than a half century mired in the lake bottom than in the decade up on shore prior to the launch of the restoration effort.

Then the Minnesota Transportation Museum and an energetic legion of volunteers and boat lovers went to work. The *Minnehaha* was lovingly and painstakingly taken apart and pieced back together. The people of our Lake Minnetonka community came forward with original parts from the streetcar boats they had stored in the corners of their homes.

And on Saturday, May 25, 1996, in Excelsior, MN, the culmination of all that hard work will take place. Bands will play. Then the *Minnehaha* will be rechristened and headed for Wayzata and other ports of Lake Minnetonka.

The *Minnehaha* will continue to make those runs now, just as it did in Lake Minnetonka's glory days of the past, all summer long. And for many summers to come.

Rescued from the bottom of Lake Minnetonka, restored lovingly through the boundless generosity of hard-working volunteers, and rechristened with communitywide affection this Saturday, the *Minnehaha* will now be as much a part of our area's future as it has been our past.

For that, and for all the hard work and dedication of so many volunteers, we are eternally grateful.

125TH ANNIVERSARY OF THE CITY OF WILKES-BARRE

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. KANJORSKI. Mr. Speaker, I rise today to recognize the 125th anniversary of the city of Wilkes-Barre, PA. Tomorrow, May 23, 1996, marks the passing of 125 years since the founding of the city of Wilkes-Barre. I am pleased to have been asked to join Mayor Tom McGroarty in commemorating this event, and I take pride in recognizing Wilkes-Barre's anniversary on the House floor today.

As the city of Wilkes-Barre celebrates its 125th anniversary, its citizens will remember the city's long and historically significant past. City residents will also look to the future when officials seal a time capsule that will remain closed until the 175th anniversary of the city.

The history of Wilkes-Barre begins in 1769 when it was settled by colonists from New England under the leadership of Maj. John Durkee. Recognizing the beauty of the region, and the abundance of its many natural resources, the first settlers named the region after Col. John Wilkes and Col. Isaac Barre who defended the American colonies before their colleagues in the British Parliament.

Located in the heart of the beautiful Wyoming Valley of northeastern Pennsylvania, the Wilkes-Barre area grew rapidly. On March 17, 1806, the area was incorporated as a borough; on May 4, 1871 it became a city; and on September 22, 1898, a third-class city charter was issued.

The first residents of the city of Wilkes-Barre were a very diverse collection of early European immigrants drawn to the area by its fertile soil along the Susquehanna River. The earliest Wilkes-Barre residents brought with them an outstanding sense of family values, community pride, and commitment to remembering their heritage. Today, those same traditions still run strong through the residents of Wilkes-Barre.

From its earliest days, the development of Wilkes-Barre was driven by the strong will of the area residents. The earliest residents worked the soil to establish successful farms. When coal was discovered in abundance throughout the region, the residents of the Wilkes-Barre area moved quickly to mine the lands. By taking full advantage of this newly discovered resource, the productivity of the residents of the city made Wilkes-Barre the Anthracite Capital of the World. The region became one of the most prosperous areas anywhere in the country as anthracite fueled the industrial revolution.

As the use of anthracite declined and after the Knox Mine Disaster virtually wiped out deep anthracite mining, the Wilkes-Barre area suffered a tremendous economic decline. In the 1950's and 1960's thousands of families left the area to find job opportunities elsewhere. Then in 1972 the Hurricane Agnes caused unprecedented flooding, causing nearly $1 billion in damages to 25,000 homes and 2,700 businesses. More than 60,000 people were unemployed, some temporarily, and some permanently. Many thought that the city of Wilkes-Barre would become a ghost town.

But the "Valley with a Heart" rallied together, cleaned up the muck and mud, rebuilt the community's infrastructure, and Wilkes-Barre once again became the hub of activity for northeastern Pennsylvania. This February, President Bill Clinton came to the Wyoming Valley to announce the completion of the general design memorandum that will allow the raising of the levees that protect Wilkes-Barre and much of the Wyoming Valley from the ravages of a flood the scale of that caused by Hurricane Agnes. After working on this project since my election in 1984, I am pleased that finally we will have protection from the devastation that the Susquehanna River can bring.

The Susquehanna River is now poised to be appreciated as the asset that originally drew Wilkes-Barre's first settlers to the area. The inflatable dam included in the levee raising project will serve as an incentive to beautify Wilkes-Barre's waterfront and lead to increased economic and recreational activity. I have no doubt that upon the opening of the time capsule in which this statement will be buried, an unpolluted Susquehanna River will once again be the center piece for the Wyoming Valley, with a thriving waterfront in Wilkes-Barre.

The entire city of Wilkes-Barre is ready to undergo a tremendous revitalization. With the nearly $40 million renovation of the former Stegmaier Brewery complex and the newly renamed Max Rosenn Federal Courthouse, the city will experience an infusion of hope and new development. Mayor Tom McGroarty has shown tremendous energy and enthusiasm for solving the city's problems and preparing for the 21st century, and I appreciate the enormous amount of assistance he has provided for these and other projects.

Northeastern Pennsylvania is destined for economic growth unlike any we have experienced since the beginning of the anthracite industry. Much of that growth will result from the development of new technologies by our talented and hardworking workforce, such as those individuals employed by Harris Semiconductor in Mountaintop. In the spirit of the time capsule, let me predict that over the next 50 years the city of Wilkes-Barre will serve as the core for an economically vibrant region; let me speculate further that the second electronic revolution brought about by the Harris Corporation's power electronics building blocks program will drive that economic development.

Mr. Speaker, I am proud to represent the city of Wilkes-Barre in the U.S. House of Representatives. I am also pleased to join all the citizens of Wilkes-Barre as we commemorate the city's 125th anniversary, and I look forward to great things for the city and our region.

TEEN PREGNANCY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, May 22, 1996, into the CONGRESSIONAL RECORD.

BRINGING UP BABY: THE PROBLEM OF TEEN PREGNANCY

Hoosiers are concerned about the moral fiber of our country. They talk to me about the decline of basic values, particularly among young people. Every time they open the papers or watch the evening news they see stories about crime and drug use, failing schools, and deteriorating neighborhoods.

We can talk all day about the root causes of these problems and possible solutions. But what I hear from Hoosiers most often is the urgent need to revitalize and strengthen our families. They have a very strong sense that the breakdown of the traditional family may explain many of the difficulties experienced by today's youth.

I am most alarmed by the growing number of teen pregnancies. The United States has the highest rate of teen pregnancy of any country in the industrialized world, at 1.2 million per year, and studies have shown that teen parents and their children are prone to experience more emotional, economic and social problems than older parents.

RECENT TRENDS

The statistics on teenage pregnancy are sobering. Of the 1.2 million teens who become pregnant each year, half will give birth, and most of them will remain single. Most of these young women and their babies live in poverty, and the cycle of poverty continues into subsequent generations. 77% of unmarried, adolescent mothers go on welfare within five years of giving birth, and the federal government spends about $34 billion each year on families started by teens.

Indiana has the 19th highest birth rate among unmarried teens ages 15 to 19 in the country. Total births to women aged 10 to 19 reached 11,842 in 1993. Of those births, 77% were out-of-wedlock, a 28% increase since 1983. 450 teenagers under the age of 17 gave birth to a second child in 1993.

PROBLEMS FOR TEEN FAMILIES

Teen families confront numerous difficulties. Mothers and babies face serious health risks. Teenagers engaging in premature sex expose themselves to the risks of sexually transmitted diseases, and teen pregnancy too often leads to abortion. Babies born to teen mothers often are premature and underweight. Teen parents are less likely to finish high school and gain the skills necessary to secure employment, resulting in a dependency on welfare that is hard to break. Nearly half of long-term welfare recipients are women who gave birth before the age of 17.

Studies also suggest that the children of teen parents fare worse than those from two-parent families on measures of health, education, and emotional and behavioral adjustment. Childhood abuse and neglect—which children of teens often are victims of—increase the odds of future delinquency and adult criminality by 40%. And children of teen parents are far more likely to become teen parents themselves.

WHY TEEN PREGNANCIES ARE RISING

There is no easy explanation for the rising number of teen pregnancies. Many teen parents were born into a world of poverty, teenage parenthood, and welfare dependency that they have difficulty escaping. Few teen parents have the same hopes, dreams and aspirations as the average American teenager, or the self-confidence and feeling of self-worth necessary to set goals for the future. Many see having a child as a comfort in a difficult life.

Broader social factors also contribute to this problem. We live in a more permissive culture, where teen parenthood and out-of-wedlock births carry less of a social stigma than they once did. We read every day about celebrities and star athletes having children out-of-wedlock, and we see the same thing in movies and on television programs. We also don't educate young people about the risks associated with teen parenthood.

WHAT CAN BE DONE

First, we must work to bring down the number of teenage pregnancies. We must persuade teens to abstain from sex, to not give in to peer pressure, and to accept the traditional values in their lives. One of the most valuable things we can do is instill in young people feelings of self-confidence and self-worth, help them set goals for their future and help them achieve these goals. All teenagers must realize they have many options in life—to go to school, to work, to contribute to their communities, and in all this to make responsible decisions. If teens feel that their future goals would be jeopardized by becoming a parent too early, they will have real incentives to delay parenthood.

Second, we must find more effective ways to support families of teenage parents without creating incentives for out-of-wedlock births. Fathers must be held responsible for the support of their children; about 60% of teen births are fathered by older men on average five or six years older than the mother. I support efforts to establish paternity at birth and to strengthen child support collection. Furthermore, teen parents should be encouraged to live at home and stay in school whenever this is an option. President Clinton recently unveiled a plan to make federal assistance contingent on such living arrangements.

Third, for those teen parents whose households are abusive or unstable, we should establish community-based facilities to house and support young families while the mother completes school or job training. Much of the national discussion about teen pregnancy has highlighted the success of these "second chance homes." Places like St. Elizabeth's in New Albany have high success rates in teaching teen mothers how to provide safe, loving, and stable homes for their babies.

CONCLUSIONS

Raising children today is extraordinarily difficult, even for mature adults. For young people, who themselves are still growing up, the issue is much more complicated. We must do what we can to prevent young people from entering parenthood too soon, to help them realize their full potential as individuals with promising futures, and to accept the responsibility and the consequences of their actions.

Governments can also work in partnership with private groups, charities and churches to help young parents create a healthier environment in which their children can grow. Many teenage parents try very hard to be good parents, but the challenges are daunting. Community-based programs have proven successful at helping these teenagers become more responsible parents and more productive citizens, and we should continue to encourage these efforts.

CPM'S CONGRESSIONAL TRIBUTE TO DR. WILLIAM R. PERRY, JR.

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mrs. MEEK of Florida. Mr. Speaker, it is indeed a distinct honor to pay tribute to one of Miami's unsung heroes, Dr. William R. Perry, Jr. His retirement from the Dade County public schools on May 30, 1996 will certainly leave a great void in our community.

He truly epitomizes the preeminence of a gentleman, as well as the virtues of a scholar. Having attended Coppin State College and Loyola College for his undergraduate studies, he obtained his doctorate degree from the University of Massachusetts. He served as a classroom teacher and later on as administrator with the Baltimore City public schools. He was subsequently awarded a Rockefeller Foundation Superintendent Fellowship in 1976, one of the Nation's most prestigious honors given to postdoctoral scholars.

Ever since I have known Dr. Bill Perry, he has always been at the forefront of ensuring equality of opportunity for everyone in our community. At the same time, his forceful advocacy in adhering to the tenets of equal treatment under the law not only in the halls of academia but in every segment of government agency has become almost legendary. In fact, countless others have been touched by his genuine commitment, especially toward those who could least fend for themselves.

Dr. Perry is the consummate community activist who abides by the dictum that those who have less in life, through no fault of their own, should be helped by the Government, regardless of their race, creed, gender, or political affiliation. In fact, countless others have been touched by his unique sincerity and his unrelenting penchant for "stick-to-itiveness" to any cause he takes up or any crusade he embarks on. The numerous accolades with which he has been honored by various organizations represents an unequivocal testimony of the utmost respect he enjoys from our community.

Blessed with a down-to-earth common sense, he is also imbued with the rare wisdom of recognizing the strengths and limitations of those who have been empowered to govern. This unique leadership was tested to the hilt when he took over the presidency of the Greater Miami NAACP, after his stint with the Miami-Dade Operation PUSH and the George Washington Carver YMCA.

The acumen of his intelligence was felt at a time when Miami needed someone to put in perspective the agony of disenfranchised African-Americans and other minorities yearning to belong. When government and community leaders met to douse the still-burning embers of the Miami riots in the early 1980's, his was the firm voice of reason, wisely articulating his credo that one has got to learn and live with one another in the global community, or shamefully reap the grapes of wrath from those who have been left out.

He thoroughly understood the accoutrements of power and leadership, and he sagely exercised them alongside the mandate of his conviction and the wisdom of his conscience focusing all their elements upon the good of the community he learned to love and care for so deeply.

His undaunted efforts shaped and formed the agenda of community organizations, such as the Miami-based Haitian Refugee Center, the Women's Welfare Coalition, and the Overtown Advisory Committee, to name but a few. His word is his bond to those who have dealt with him—not only in his moments of triumphal exuberance in helping our wayward youth turn the corners around, but also in his quest to transform Dade County into a veritable mosaic of vibrant cultures and diverse peoples converging in the great experiment that is America.

Dr. William R. Perry, Jr. truly exemplified a one-of-a-kind leadership whose courageous vision and wisdom appealed to our noblest character as a community. He will certainly be missed.

ESPERANCE, NY CELEBRATES 150TH BIRTHDAY

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. SOLOMON. Mr. Speaker, I have always been proud of the heritage and physical beauty of the 22d Congressional District of New York which I have the privilege of representing. It is for this reason, to savor the history and character of the picturesque towns and counties, that I return home every weekend.

We often forget, Mr. Speaker, that the real America is not Washington, but the small towns and villages where real people live and work. I would like to talk about one such town today.

Esperance, NY, located in beautiful Schoharie County will be celebrating their 150th birthday on this Memorial Day, Monday, May 27, 1996. And what a fitting time for a celebration of history and community. It could not be more appropriate considering people all across this Nation will be paying tribute to those courageous veterans who have made the ultimate sacrifice on behalf of their country, and yes Mr. Speaker, on behalf of their family and friends in towns like Esperance.

But not everyone around the country has the opportunity to celebrate and rejoice in what the people of Esperance can this Monday. Even though things have changed there, like everywhere else, there is something special that remains an unmistakable part of the town's character that not enough people throughout the country can still boast of today. That something is the distinct smalltown charm that grips the town and the good citizens of Esperance. It can be seen at the church hall and the fire department and across the streets and fields where children play and farmers work.

Yes, Mr. Speaker, that smalltown camaraderie and neighborly hospitality is one thing that thankfully has not changed. But I'll tell you about another thing. It is the pride and values of the citizenry. These are the things that I admire most about the towns like Esperance throughout my congressional district. And on May 27, residents of Esperance will take part in daylong festivities commemorating their heritage. There will be tours of the various historical sites and museum, contests for the children, parades and wagon rides and plenty of time to catch up with friends and neighbors and give thanks for the town and community they share.

Mr. Speaker, I commend the good people of Esperance for their commitment to their home and hard work in organizing this memorial to their heritage. I ask that you and all Members of the House join me in paying tribute to the people of Esperance on the occasion of the town's 150th birthday.

A WIN-WIN FOR WORKERS AND SMALL BUSINESSES

HON. SUSAN MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. MOLINARI. Mr. Speaker, we have the opportunity today to enhance the earning potential of millions of working Americans and to provide important incentives for the small businesses who hire them.

I am very supportive of the raise in the minimum wage. This amendment to H.R. 1227, the Employee Commuting Flexibility Act, is a much needed protection for workers who are usually nonunion, have few skills, and little negotiating strength. Also, because the fringe benefits earned by minimum wage workers are usually less than nonminimum wage employees, they get hit twice as hard.

Not only will an increase in the current minimum wage boost thousands of workers and their families above the poverty line, the increase will be a tremendous relief to women. Currently, about 59 percent of minimum wage workers are woman. A raise in the minimum wage will empower these working women with the resources to keep them competitive with their male counterparts.

Often, the downside to minimum wage hikes are a proven loss of jobs for small businesses. The Republicans, however, are increasing the minimum wage in a responsible way that will actually help small business increase jobs. Mr. GOODLING's amendment will allow employers to pay newly hired employees the current minimum wage for the first 90 days of employment and it detaches the minimum wage from employees who receive tips. Further, it exempts employees of small businesses with less than $500,000 in annual gross sales. Clearly these provisions, in addition to the Small Business Job Protection Act, will ease any burden that may have been placed on small businesses in implementing the increased minimum wage.

The Small Business Job Protection Act will increase, by $7,500, expensing for small business, simplify small business pension plans, and provide a credit to employers for hiring AFDC recipients, certain veterans, disabled workers as well as high-risk and summer youth employees. Further, this bill will allow workers to deduct, up to $5,250, employer-paid educational assistance from their taxable income. It will be retroactive to 1995 and help thousands of hard-working Americans in furthering their education, a great benefit to both the employee as well as the employer. This specific provision would have a direct impact on students who attend Wagner College and the College at Staten Island, both of which are in my district. We are now making it easier for small businesses to send their employees to college, which benefits both employers and their employees, who will get much needed assistance in paying for ever-growing tuition costs.

Wage earners in this country do deserve a raise, and this package will give them that raise without costing them their jobs.

SECTION 936 CONCERNS

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mrs. KENNELLY. Mr. Speaker, I am very concerned that section 936 is phased out in this bill without anything to replace it. Section 936 has played a critical role in economic development in Puerto Rico—creating and keeping good, high quality, well-paying jobs on the island. Many of my constituents in Hartford, CT, have friends and relatives employed by section 936 companies in Puerto Rico.

I am concerned about the impact of the repeal of section 936 on the people on Puerto Rico. Poverty is already very high and good jobs scarce. What will remain for the people of Puerto Rico? I'm afraid that we will only fully realize just how effective it has been when the companies that have enjoyed section 936 begin to leave for other parts of the Caribbean or Ireland. The bill provides some limited protection for the companies doing business in Puerto Rico, but very little protection for the people of Puerto Rico.

It is because of these concerns that I support an economic incentive program such as that proposed by Governor Rosello. Chairman ARCHER has taken the first step by establishing a temporary economic incentive program that would replace section 936 with a wage credit. This should help to spur job creation on the island. By placing the wage credit in a new section and phasing it out over 10 years, this bill will allow Congress to monitor economic development in Puerto Rico.

IN MEMORY OF ADM. J.M. BOORDA

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. SKELTON. Mr. Speaker, Tuesday, May 21, 1996, a memorial service was held for the late Adm. J.M. Boorda at the Washington National Cathedral. Admiral "Mike" Boorda was not only a "sailors' sailor," but an able leader and a friend to so many in all walks of life, including those in uniform, political leaders, and

the civilian community. Words are inadequate to express the sense of loss so many of us feel. However, these memorial addresses by Secretary of the Navy, John H. Dalton, and Master Chief PO, John Hagan, were most appropriate and fitting as tributes to this truly outstanding American, Adm. Mike Boorda. He will truly be missed.

REMARKS OF SECRETARY OF THE NAVY, JOHN H. DALTON

I met Mike Boorda in December of '93 on my first visit as Secretary to the Mediterranean and Adriatic. He was Commander in Chief of U.S. Naval Forces in Europe, and Commander of Allied Forces Southern Europe.

We visited a number of ships together going by helicopter spending a couple of hours on each one. We arrived on the USS *Monterey*, a guided missile cruiser, late in the day to remain over night. As we toured the ship and we got to the bridge, he told the commanding officer he would like to do a man overboard drill. Naturally, the skipper said okay. Admiral Boorda yelled, "I've got the conn". So, he became the conning officer and he also relieved the helmsman. they tossed the life ring overboard on the starboard side and the drill was underway. "All head full" he barked, and he turned the helm to right full. He was back and forth between the helm and the flying bridge barking orders to the Sailor manning the engine order telegraph. Within just a couple of minutes, the life ring was right along the starboard side, close enough to reach out and pick it up. He said, "Okay, Mr. Secretary, you're next." I laughed and said, "No thank you; I've just seen the master at work." What a great ship handler he was; just one of the reasons he was so admired by Sailors.

Walking around those ships with Mike Boorda was such a great experience. Sailors loved him. He understood them—all of them. Mess cooks, lookouts, from the newly enlisted to the most senior, whether they were chipping paint or swabbing decks . . . he made every one of them feel important, and that what they were doing was a major contribution to that ship's mission and making our navy great and contributing to peace in the world.

Recently, I was interviewing a newly selected admiral for a particular job, and I asked him which flag officer he admired the most. Without hesitation, he said, "Admiral Mike Boorda". I said, "Why?" He said, "I worked for him when he was battle group commander, and he always made people feel so good about themselves. He told us that whenever we were asked to do something, we needed to try hard to find a way to say yes." That was Mike Boorda.

I've seen Mike in lots of different settings. I've seen him counsel young petty officers. I've sat with him in the chiefs' mess—or goat locker—discussing issues with chief petty officers. I've been with him in the wardroom with commissioned officers. I've seen him debate tough issues with other members of the Joint Chiefs of Staff and senior Pentagon officials. I've testified with him in front of Congress. I've seen him hosting foreign dignitaries from around the world. I met with him almost daily in my office, his office or some conference room in the Pentagon. I've watched him brief the Secretary of Defense and offer advice to the President of the United States.

In whatever situation I observed Mike, he was always the same person: Well prepared, down to earth, competent, charming, witty, clever, understanding, warm, yet tough.

I've also seen the President take his advice. I remember one particular occasion. We were in Hawaii for the commemoration of the 50th anniversary of the end of WWII, and the President, CNO, and I were on the CINCPAC barge going across Pearl Habor to the Arizona Memorial when the President turned to him and said, "Mike, what do you think we should do in Bosnia now?" Mike told the President, and within just a few weeks we were in fact carrying out his recommendations which ended up in having all the parties meet in Dayton for peace talks . . . and giving us a real chance for peace in Bosnia.

John Walter Wayland describes the true gentleman as "the man whose conduct proceeds from good-will and an acute sense of propriety, who does not make the poor man conscious of his poverty, the obscure man of his obscurity, or any man of his inferiority or deformity; who is himself humbled if necessity compels him to humble another; who does not flatter wealth, cringe before power, or boast of his own possessions or achievements; and who speaks with frankness, but always with sincerity and sympathy, and whose deed follows his word; who thinks of the rights and feelings of others rather than of his own; who appears well in any company, and who is at home when he seems to be abroad—a man with whom honor is sacred and virtue safe."

That is Mike Boorda.

He was the Sailor's Sailor. There is no greater tribute that could be paid to him. For him to be remembered by that title is the most he could ever hope for.

Mike loved his family. His late father—who he either called or wrote every week for 40 years—his mother, brother and sister. His precious wife, Bettie, his four children and oh those grandchildren. So often, I remember his coming in and saying, "Mr. Secretary, let me show you these new pictures I just got." They were always of one of his grandchildren.

Many times from this lectern have the words of the Prophet Micah been read: "O, man, what does the Lord require of you, but to do justice, to love mercy, and to walk humbly with your God." He tried to do just that.

Mike Boorda was a patriot, a leader, a warfighter and a peace maker... a planner, a superb tactician and brilliant strategist, a warm, caring sailor who loved those men and women wearing that Navy uniform. That's the Mike Boorda I will always remember. A man with a heart of gold and hands wrapped firmly round the true meaning of our effort to make the world a better, safer place. I am lucky to have known him, and I am thankful for his friendship and support. We have lost someone truly special. God bless his life, his wonderful family and his Navy that he loved so dearly.

REMARKS BY ETCM (SW) JOHN HAGAN

President and Mrs. Clinton, Mrs. Boorda and the family, and to all of you who love the Navy so much, before I lead our responsive reading, allow me to speak from my heart.

I feel as if this is my last "All Hands" call with Admiral Boorda, and he has thrown me the mike one last time.

We are here to honor, to remember, to support one another in mourning, but even in the majesty and splendor of this shrine—in the midst of this illustrious assembly, we could not properly honor or remember if we were not joined by Sailors all around the globe— on flight decks and hangar bays, fantails and focsles, on piers and of course, in every Navy chapel.

Today, and throughout the week, against backdrops as many and varied as the signal flags on a full dress ship, with many voices, tears, and prayers we will together render the proper honors to our beloved CNO, Admiral Mike Boorda.

He was the leader we longed for and looked to; he came from among us and rose so high, always remembering the lonely, insecure, frightened recruit, which all of us are in the beginning, before we discover, as Admiral Boorda did, that the Navy is a family. Our family has lost a man of true worth.

The poet wrote:

"True worth is in *being* not *seeming*,
In doing, each day that goes by,
Some little good—not in dreaming
Of great things to do by and by.

Our CNO went the poet many times better.

He did, each day, not a *little*, but *MUCH* good.

And he worked each day on great things which became realities quicker than any one could believe possible—and all the while he envisioned even greater things to do by and by and he shared them with Sailors. We will long remember Admiral Boorda for many great achievements. But I pray today we also remember the details.

He didn't just shake a Sailor's hand, he gripped and held it, and drew energy from the encounter even as he left the Sailor an indelible, life-long, memory of a moment with their CNO.

When the boatswain was finished piping, he always walked back through, shaking hands, patting shoulders, even exchanging high fives and tousling the hair of the rainbow sideboys who lined his arrival at every ship we visited at sea.

He answered the same question as thoroughly and patiently at the end of the day as he did at the break of dawn, seven ship's and seven helo rides earlier.

At each stop listening, really listening.

Making and keeping promises.

Standing on a destroyer flight deck, arm around a troubled Sailor, personally and privately, counseling him—then worrying later and directing follow up.

Making everyone feel special.

His schedule was so full, but he invariably found the time for one more Sailor; never, ever, saying no.

He was and is and will always be my HERO!

It is rare and special when your Hero is also your friend!

Steinbeck wrote once of a fictional hero:

"This man drives himself and is driven. It is impossible to see how he can do so much, can cover so much ground, can work so hard and be so effective. There's a man. There is really a man."

Of Admiral Boorda, we all exclaim today, "There was a Sailor. There really was a Sailor . . ."

Shipmates, a lot of work is well begun, and in the Boorda way of doing business "well begun is half done."

Our charge today is clear:

Carry on.

Lead with zeal, serve with pride, learn about and honor our heritage . . . and that will be the Admiral Boorda legacy and the only really fitting memorial and with it will come the strength to carry on.

God Bless you, Admiral Boorda. We love you and will forever miss you.

Will you join me now in the responsive reading of the Psalm.

CAROLYN THOMPSON-WALLACE AND MILTON HARRISON, COMMUNITY SERVANTS

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. PAYNE. Mr. Speaker, I rise today to pay tribute to two outstanding individuals who are both being honored by the Rotary Club of Newark, NJ at its Persons of the Year award ceremony. Mrs. Carolyn B. Thompson-Wallace and Mr. Milton L. Harrison have dedicated many years of their lives to help make the quality of life of young people better.

Carolyn Thompson-Wallace has been the administrator and executive director of the International Youth Organization [IYO] since its founding in the 1970's. The IYO has been acclaimed as one of the premier juvenile delinquency prevention programs in New Jersey. During the first 14 years of the organization, Carolyn faithfully volunteered her time and spent up to 18 hours a day playing a variety of roles. In her role as administrator and executive director, she appeared on the CBS–TV documentary, "Crisis in Black America," and has even testified before Congress on family, social, and economic issues.

Since 1992, Milton Harrison has led the Newark YMCA from a state of virtual collapse to the restored and thriving institution it is today. Under his able leadership, the Newark Y membership has increased over 50 percent, and it enjoys a thoroughly revamped program with new equipment and renovated facilities. After embarking on a variety of career paths, from working at the Minneapolis Metropolitan YMCA to owning and operating his own company, Milton returned to the YMCA organization and later came to head the Newark Y.

Mr. Speaker, I am sure my colleagues will join me in honoring these two extraordinary individuals. They have devoted a tremendous amount of time and energy to the youths of our community. It is wonderful that they are being commended by the Rotary Club of Newark.

INTRODUCTION OF WOMEN'S PENSION EQUITY ACT

HON. ELIZABETH FURSE

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Ms. FURSE. Mr. Speaker, I am introducing legislation today entitled the Women's Pension Equity Act. Sixty percent of seniors are women, but make up 75 percent of the elderly poor. Women are far more likely than men to live out their elderly life in poverty, making their older years anything but golden. According to the Department of Labor, only 37 percent of the women in Oregon and the west coast participate in a pension plan—one one the worst rates in the Nation. We need to take steps to ensure our senior women have the economic security they deserve.

It is clear that elderly women in America need our help. Women live longer than men, and there are 5 times as many widows as widowers over the age 40. In the last 20 years, the number of women over the age of 45 who are divorced has risen dramatically. Twenty percent of older women have no other source of income than Social Security. I would like to point out to my colleagues a striking fact: elderly women are twice as likely as men to be poor.

The need for these pension reforms is clear. Twenty-four million working women, nearly two out of three working women, do not have pensions plans. According to AARP, only 23 percent of divorced women over age 62 had pension plan coverage of any sort. Nearly 50 percent of married private pension recipients have a plan which will not continue to pay benefits in the event of their spouse's death. These cracks in our safety net have wreaked economic havoc upon our Nation's elderly women, often forcing them into poverty.

The legislation I am introducing to the House today will correct these inequities and ensure economic security for elderly women. My legislation is modeled on a bill introduced by Senator CAROL MOSELY-BRAUN, and will reform pension law in America to help protect senior women. First, it will make much-needed improvements in private pension law to help protect women in divorce proceedings and simplify spousal consent rules for survivor annuities. It will make important changes to improve pension coverage for widows or divorced widows under the Federal Civil Service Retirement System as well as the Military Retirement System. Last, this legislation would improve coverage for divorced women under the Railroad Retirement Board.

Mr. Speaker, we must reverse the status quo which dictates that if you are old and a woman, you are poor. This legislation is about reforming the pension system to protect the economic security of our elderly women. Women who have worked hard their entire life serving their families, careers, and communities deserve no less.

I urge all my colleagues to support this legislation and work for its swift passage in the House.

4TH ANNUAL ELIZABETH WATERFRONT FESTIVAL, A PROUD HISPANIC TRADITION

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. MENENDEZ. Mr. Speaker, I rise to pay tribute to a much anticipated rite of spring for the residents of my district, the annual Elizabeth Waterfront Festival. This 3-day cultural celebration will take place May 25 to 27, 1996, along the newly renovated Veterans Memorial Waterfront Park in the city of Elizabeth.

This weekend's festivities acknowledge the tremendous contributions of the Hispanic community to the fabric of the lives of the people of Elizabeth. The Elizabeth Waterfront Festival is a showcase for the rich cultural traditions that Hispanics have brought to the city and the Nation. There will be exhibitions including art work, music, and dance to represent the cultural mosaic of Elizabeth. The festival will also include a wide range of Hispanic foods.

While the Elizabeth Waterfront Festival celebrates the diversity that exists within the Hispanic community, it also recognizes the role business can play in helping a proud people achieve their true potential. The success of the festival itself is a testament to the impact public-private partnerships can have on a community. In cooperation with the city of Elizabeth, sponsors of the festival include such nationally known companies as Anheuser-Busch, AT&T, Bustelo Coffee, Chivas Regal, and Pepsi Cola. Local sponsors of the festival include the Elizabeth Center at 13A, Twin City Supermarkets, radio stations Mega 97.9 FM and Suave 93.1 FM, Telemundo 47, TKR Cable of Elizabeth, and Noticias del Mundo. This important event is being produced by Melly Mell Productions.

The Elizabeth Waterfront Festival is not only an observance of the cultural and economic role played by the Hispanic community in Elizabeth, but also a showcase for all the city has to offer. As a member of the Transportation and Infrastructure Subcommittee on Water Resources, I am gratified to know the festival will take place on the waterfront, an underutilized resource. The city of Elizabeth's strategic location on New Jersey's coastline makes it a preferred destination for ships carrying goods from all over the world.

It is an honor to have such an exceptional event as the Elizabeth Waterfront Festival take place in my district. I take pride in the fact the Elizabeth Waterfront Festival brings together all segments of our community and at the same time reflects positively on the city of Elizabeth and New Jersey. I am certain my colleagues will rise with me and recognize this remarkable celebration of life.

HONORING ASIAN PACIFIC AMERICAN HERITAGE MONTH

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Ms. ESHOO. Mr. Speaker, I rise today to join my distinguished colleagues of the Congressional Asian Pacific Caucus in celebration of Asian Pacific American Heritage Month and to honor the extraordinary contributions of Asian Pacific Americans to our Nation.

We must take time to note the struggles of the Asian Pacific American pioneers, mainly immigrants to this country. As a daughter of immigrant parents, I know firsthand the obstacles immigrants faced in beginning a new life in a new land and providing for their families. We must acknowledge the accomplishments of these pioneers who had built a foundation for the subsequent advances made by the Asian Pacific American community.

As we reflect on the significance of this month, we must certainly turn our thoughts to our friend and former colleague Norman Y. Mineta. He is remembered for his leadership in championing the causes of the Asian Pacific American community and of all people of color, culminating in the passage of House bill 442 which he introduced, that provided an

apology by the U.S. Government to those Americans of Japanese ancestry who were interned during the Second World War. An outstanding legislator, Representative Mineta was a powerful force in Congress and a great role model not only for Asian Pacific Americans but for all people of colors in our country.

Representative Mineta helped create a political voice for the Asian Pacific American community and inspired others to get involved in the political process.

Mr. Speaker, I am proud to represent California's 14th Congressional District which boasts a significant and vibrant Asian Pacific American community deeply committed to political activism and public service. I am fortunate to work with many outstanding organizations such as the local chapters of the Japanese American Citizens' League, the Organization of Chinese Americans, the Chinese American Citizens Alliance, Self-Help for the Elderly, the Asian American Manufacturers' Association, Silicon Valley for Democracy, Asian Americans for Community Involvement, as well as the Asian Law Alliance, all fostering multicultural understanding. Each brings to the forefront the concerns on behalf of the growing Asian Pacific American community in the 14th Congressional District. I am also grateful to work with the many Asian Pacific American elected officials in my congressional district such as council members Michael Chang of Cupertino, Art Takahara of Mountain View, Naomi Patridge of Half Moon Bay, Cupertino School District Trustees Emily Lee Kelley and Barry Chang, Fremont Union High School District Trustees Homer Tong and Randy Okamura, and Foothill De-Anza Community College Trustees Paul Fong and Dolores Sandoval. I salute these organizations and leaders for their outstanding efforts and contributions to the well-being of our community.

Despite the progress the Asian Pacific American community has made, we must continue to advocate for their concerns, protecting and advancing the civil and constitutional rights of all Americans, especially when many of these issues are being threatened. I'm proud to have been invited to join the Congressional Asian Pacific Caucus which my distinguished colleague Congresswoman PATSY MINK chairs. I join the members of the caucus to ensure that congressional legislation provides for the full participation of Asian Pacific Americans and reflects the concerns and needs of the Asian Pacific American communities to the greatest extent possible.

WAIVER OF THE HUMANITARIAN AID CORRIDOR ACT

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Ms. ESHOO. Mr. Speaker, last week, to the surprise and disappointment of the international human rights communities, as well as Members of this body, President Clinton exercised his option to waive the Humanitarian Aid Corridor Act. Passed with strong bipartisan support as part of the fiscal year 1996 foreign operations appropriations bill, the Corridor Act is essential because it exerts the appropriate pressure on countries, such as Turkey, that block United States foreign assistance to the region.

As the only Member of Congress of Armenian descent, I have a very deep understanding of how the Ottoman Empire decimated Armenians and wrote one of the darkest chapters in human history. Mr. Speaker, these attacks against Armenians continue even today. Just last month the Agency France Presse reported unprovoked Turkish military shelling of Armenian territory on April 23 and 24. I'm committed to the safety and independence of Armenia and believe we must ensure that its people are protected. Therefore I am deeply disappointed that the President waived this important and needed act.

Despite a history of suffering at the hands of others, Armenians have remained a strong people, committed to families and united by an enduring faith. Armenians have risen from the ashes of the 1915–23 genocide to form a new country from the remains of the Soviet Union, a new country which flourishes in the face of severe winters, ongoing military conflict in Nagorno-Karabagh, and the absence of strong international assistance. Today's Armenia is a living tribute to the indelible courage and perseverance of the Armenian people. Mr. Speaker, we in this body must do our part to protect Armenia. I support efforts to strengthen, enhance, and make permanent the Humanitarian Aid Corridor Act and to curtail aid to Turkey should that country refuse to abide by the standards established by the act.

I urge the President to reconsider his position.

RETIRED SENIOR VOLUNTEERS OF ELK COUNTY HONORED

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. CLINGER. Mr. Speaker, I rise today to honor the retired senior volunteers of Elk County in the Fifth District of Pennsylvania. I am pleased to have this opportunity to recognize the 74,000 hours of service that these individuals have given to our communities.

As we celebrate Older American Month, it is fitting that we reflect on the contributions of seniors at both a local and national level. I have long believed that involvement by senior citizens in the workforce adds a unique and distinctive value to each job that is performed, person that is helped, or solution that is offered.

I applaud the hard work and determination that each of these volunteers has dedicated to serving the residents of Elk County, their efforts are an inspiration to us all. In addition, each of these individuals has paved the road for all of us who will eventually retire and in doing so continue to enhance the foundation of our communities.

Each project that they have so diligently attended to—from campgrounds to playgrounds, providing meals, making repairs, and assisting others in need—demonstrates the depth of caring that all of the volunteers should be proud of.

It takes more than words to adequately express the difference that senior volunteers have made in the lives of so many and it is with great honor and heartfelt gratitude that I thank them for their years of kind and generous service.

TRIBUTE TO JAMES J. "J.J." BIELLO

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. GINGRICH. Mr. Speaker, I rise today to pay tribute to James J. "J.J." Biello, who is a commissioner of Cherokee County, in the Sixth District of Georgia.

J.J. is a 15-year veteran of the Atlanta Police Department having served as both a uniform officer and detective in the narcotics and robbery divisions. On April 15, 1987, J.J. walked in on a robbery in progress and found an armed robber holding a terrified girl, a gun pointed at her head. Without concern for his own safety, J.J. rushed in, courageously drawing the gunfire to himself. In an act of supreme heroism and ultimate sacrifice, he saved the life of the girl but almost lost his own. In the days ahead, J.J.'s personal courage and faith in God allowed him to survive the near-fatal injury, but he was left paralyzed from the neck down, confined to a wheelchair with limited use of his hands.

There are many ways to take the measure of a man. Some do it in feet and inches; some have him step on a scale; and others simply take a look at his bank account. It is a rare individual whose greatest measurements are of heart and courage. Such a man is J.J. Biello.

J.J. has passed through some of life's most challenging crucibles and has come out not embittered, but emboldened. After his injury, J.J. took stock of his talents and abilities to decide how he could best serve his community. Rather than seeking help from others, once again he committed himself to tireless work on behalf of others, serving as a community volunteer, a civic leader and, following the 1990 election, a Cherokee County commissioner. Through challenges that would have caused a lesser man to give up, J.J. has demonstrated unshaken faith, unparalleled courage, and unwavering commitment to his family, church, and community.

I rise today to make note of J.J.'s bravery and his selfless service to his community and his country. His courage, devotion, and dedication should be an inspiration to all Americans.

FOR RECOGNITION AND APPRECIATION OF AN EXTRAORDINARY STAFFER, SCOTT E. JACOBS

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. SAXTON. Mr. Speaker, I rise today to recognize the hard work and dedication of

Scott Jacobs, who has been a member of my staff for the last year and a half. Scott is leaving us on May 24, 1996, to start a new job with the Naval Criminal Investigative Service.

Scott came to my personal office here in Washington, DC, on a legislative fellowship. He was on loan from the Navy. With his background in the investigation of environmental crimes, he was a natural fit in my office to work on environmental and resource issues.

While many Hill staffers share the qualities of hard work and dedication that Scott possesses, Scott Jacobs has special qualities that deserve special recognition.

Often, here on the Hill, people will tell you that something is impossible rather than actually figuring out how to get it done. Scott refuses to believe "impossible" exists. He is willing to take the time and exercise the creativity needed to get the job done where other people would have given up long ago. In the face of continual opposition, Scott undertakes a process of communication and compromise that has served New Jersey, this Congress, and America very well. Due to his refusal to believe the nay-sayers, Scott serves as an example and inspiration to Members and staff alike.

I commend Scott's many accomplishments while here and fully expect that his exemplary work will continue at his new position with the Naval Criminal Investigative Service.

As I stand here today to recognize Scott's determination, courage, and creativity, I am sorry to lose Scott as a member of my staff. But, I wish him fair winds and following seas on his return to the Navy.

Mr. Speaker, on behalf of myself, my staff, and all the friends Scott has made while here with us, I would like to say, Thank You, Scott, for all of your hard work.

CELEBRATING THE MANY CONTRIBUTIONS OF THE ASIAN PACIFIC AMERICAN COMMUNITY

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. UNDERWOOD. Mr. Speaker, Hafa Adai. It is with great pleasure that I rise today to celebrate our Asian- and Pacific-American culture and history during Asian Pacific-American Heritage Month. By sponsoring Asian Pacific-American Heritage activities, we honor the Asian Pacific-American community and its many accomplishments. In addition we seek to familiarize America with our community in an effort to avoid division among our ethnically diverse American community.

No one would dispute that American society has been significantly enriched by the contributions of the Asian Pacific-American community. Thousands of Asian Pacific-Americans helped to build our great Nation. Today, Asian Pacific-Americans continue to serve our Nation as public servants and military servicemembers. I would like to make special note of Guamanians serving our Nation in the military, and especially those serving today in Bosnia.

One particular service member who has distinguished himself is Spec. Peter Nartia of the Guam Army National Guard. Specialist Nartia was recently named U.S. Army Pacific Command Soldier of the Year. His dedication to the armed services has afforded him the opportunity to represent the Army Pacific Command in the All-Army Command competition in June.

In addition to those serving America in our military, I would like to take this opportunity to acknowledge other individuals who have offered their talents and abilities to Guam, enriching both our island and all of America.

Jesus Charfauros is a gifted radio personality and journalist who has contributed 22 years of his life to promoting the Chamorro culture through the air waves by hosting cultural and informative shows in the Chamorro.

Mary N.D. Matanane, Guam Nurses Association's Nurse of the Year for 1995, is a devoted health care professional who has worked for private and public sector health care organizations, such as Guam Memorial Hospital, the Department of Public Health and Social Services, and Clark Home Nursing Service.

Carmen L. Torres, a recently retired health care practitioner has devoted nearly a quarter of a century serving the people of Guam. Mrs. Torres accomplishments include studying obstetrics and gynecology during a fellowship with the World Health Organization, and working as a supervisor and manager with the Central Region Health Center Clinic. Mrs. Torres has also received various awards, including the 1981 and 1984 Outstanding Employee of the Department of Public Health and Social Services, and the 1994 Guam Nurses Association Presidential Commendation Award for outstanding voluntary and dedicated service to the nursing profession and organization.

The contributions of Asian Pacific-Americans are significant and Guam is indebted to the work of these individuals. As American citizens, we are integral fibers of the social, economic, and political fabric of the national community. Through events like the Asian Pacific-American Heritage Month, we can continue to celebrate our culture and foster understanding and cooperation throughout the entire American community.

AGRICULTURE EMPLOYERS SHOULD NOT BE EXEMPT FROM PAYING UNEMPLOYMENT INSURANCE

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. MILLER of California. Mr. Speaker, the Small Business Job Protection Act of 1996 has an ironic name since, contrary to the recommendation of a Federal commission, one provision of it would give a special exemption from Federal unemployment tax to agricultural employers who give jobs to temporary foreign workers. If the U.S. Congress intends to protect American jobs for American workers, then it should not approve the proposed exemption for employers of H–2A Program guestworkers.

The Federal Advisory Council on Unemployment Compensation in 1994 made a specific recommendation on this issue after hearing all the evidence and from all the parties. The Advisory Council said, "* * * the wages of alien agricultural workers (H2–A workers) should be subject to FUTA taxes." The chairperson of that Council was Janet Norwood, the highly respected former Chief of the Bureau of Labor Statistics under the Bush and Reagan administrations.

We in Congress gave the H–2A growers a temporary exemption from the Federal Unemployment Tax Act [FUTA] and that exemption was extended repeatedly. Finally, on December 31, 1994, we let this tax exemption expire, after receiving the recommendation and report of the Advisory Council on Unemployment Compensation.

Now the growers who hire temporary foreign workers want another exemption from the unemployment tax. We should not grant it to them.

This tax exemption would create an incentive to hire temporary foreign agricultural workers by making it cheaper to hire them than to hire U.S. workers.

Such an incentive against hiring U.S. farmworkers is especially inappropriate at this time. Numerous studies have found that U.S. farmworkers are suffering from high unemployment and underemployment, stagnant or declining real wages, poor living and working conditions, and below poverty earnings. Partly for these reasons, the House of Representatives in late March overwhelmingly defeated an effort by agribusiness to gain permission to bring in several hundred thousand farmworkers from abroad under poor wages and working conditions. Without a shortage of domestic farmworkers, we should not encourage the hiring of foreign guestworkers.

In addition, the Advisory Council said that the "vast majority, 97 percent, of the cost of the H–2A certification process is funded through the FUTA tax," since the fees paid by growers do not cover anything close to the Government's cost of operating the temporary foreign worker program. This tax exemption will put the burden on the American taxpayer to pick up more of the cost of employers hiring foreign workers.

The unemployment insurance program is designed to spread the costs of minimizing the negative effects on society of unemployment, and employers of foreign farmworkers should not be exempt from sharing in that cost.

AWARD FOR BARBARA GAFFIN

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. FRANK of Massachusetts. Mr. Speaker, I think those of us who have the privilege of serving in this body are extremely lucky to be able to work as we do. There is only one major downside to our job in my experience—our inability to be in two places at one time. June 6 is one of the occasions when I will very much regret this limitation. We will be in session and I will therefore be in Washington.

In Boston, on June 6, the Jewish Community Relations Council of Greater Boston will present the Warren B. Kohn Award in Jewish Communal Service to Barbara Gaffin, who serves as the JCRC associate director. It is not only a well-deserved award, it is an award which could have been designed with the recipient specifically in mind.

Barbara Gaffin has been an extraordinarily dedicated and effective citizen for her entire adult life. She was a leader in the effort to save Jews worldwide from the oppression that they faced in many countries, and had a major role in the efforts many of us made here in Congress to protect Jews from being victims of oppression and death. For the past few years, she has worked in Boston as the associate director of the Jewish Community Relations Council and continues to be an invaluable source of intelligence, energy, compassion, and good judgment on behalf of the wide variety of causes that the JCRC undertakes. I am regretful that I cannot attend the ceremony at which this award is presented to Barbara Gaffin, so I ask for an opportunity to note here how important her work has been to myself and to others.

In the interest of full disclosure, I should note that Barbara Gaffin's husband, Doug Cahn, was for many years my administrative assistant here in Washington. I was very lucky to have him working for me, and I was additionally lucky that this brought me into such regular contact with Barbara, who is truly an exemplar of the ideal of Jewish communal service.

CHILDREN'S PRIVACY PROTECTION AND PARENTAL EMPOWERMENT ACT INTRODUCED

HON. BOB FRANKS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. FRANKS of New Jersey. Mr. Speaker, today I am introducing the Children's Privacy Protection and Parental Empowerment Act—groundbreaking legislation that will give parents control over the use of personal information about their children.

The information revolution has opened up exciting opportunities for all Americans. It is already offering consumers more choices than ever before, But while instant access to more information can be a positive development in our lives, this technology can also be manipulated by those who want to prey upon the weak or make an easy buck regardless of the consequences.

As the information age continues to unfold, Congress has an obligation to monitor the new technology and make sure that reasonable safeguards are in place to protect the most vulnerable among us—our children.

The safety and privacy of our children is already being threatened by one product of the information explosion. Every day in communities across America, parents stop by a local fast food restaurant with their kids and sign them up for a birthday club. Others dress their children up to have a picture taken by a professional photographer and fill out a form before the picture is snapped. Or maybe they're at the local supermarket when they fill out a consumer survey about their family's buying habits in exchange for a free product or some discount coupons.

What these parents probably don't know is that the personal and sometimes sensitive information they've innocently provided about their children is for sale. And anyone, anytime can purchase it. Commercial list companies are using that information to develop an elaborate data base on virtually every child in America. They're gathering children's complete names, ages, addresses, and phone numbers—and often even their personal likes and dislikes.

And the fact is these list vendors sell this information freely to whoever wants to purchase it. Anyone with nothing more than a mailing address can contact a list vendor and order a specific list. It might be the names, addresses and phone numbers of all children living in a neighborhood—or a listing of all 10-year-old boys in a particular community who have a video game systems. And the cost of this information is relatively inexpensive.

Most parents have no idea that information about their children is for sale by hundreds of list vendors. Often, parents have no idea why their children are solicited by direct mail advertisers or tele-marketers. But the danger of this information winding up in the wrong hands is very real and very frightening.

Earlier this month a news report by KCBS-TV in Los Angeles vividly demonstrated the threat to our children's safety from the uncontrolled sale of information about children. The station ordered a list of the names, addresses, and phone numbers of 5,000 Los Angeles children from the Nation's largest distributor of lists, Metromail. It placed the order in the name of Richard Allen Davis, the man now on trial for kidnapping 12-year-old Polly Klaas from her Sausilito home and murdering her. After providing nothing more than a fake name, mailing address and a disconnected phone number, the list arrived the next day. The cost: just $277, cash on delivery.

We must act now to protect our children before a real murderer or child molester buys a list of potential victims. There's something fundamentally wrong when society takes more care in protecting information about criminals than it does in protecting information about our children from those who would harm them.

The most important provision of the Children's Privacy Protection and Parental Empowerment Act would ensure that personal information about a child could no longer be bought and sold without a parent's consent. Concern about protecting the privacy and safety of children has brought together a broad cross-section of groups in support of this initiative including the Center for Media Education, the Christian Coalition, the Consumer Federation of America, the Electronic Privacy Information Center, Enough is Enough, the Family Research Council, the Kids Off Lists Coalition, the Klaas Foundation for Children, the National Law Center for Children, and Families and Privacy Times. While there may be little we can do to stop a child molester from stalking children when they're playing in the park or walking home from school, our legislation takes some commonsense steps to protect the privacy of children.

The legislation would give parents the right to compel list brokers to release to them all the information they have compiled about their child. In addition, the list vendor would have to turn over to the parents the name of anyone to whom they have distributed personal information about their child. Our bill would force list vendors to be more diligent about verifying the identify of companies and individuals seeking to buy lists of children. Specifically, it would be a criminal offense for a list vendor to provide personal information about children to anyone it has reason to believe would use that information to harm a child. Finally, there is a provision in the bill to address an alarming practice that was actually used by one list company. The company had a contract with a Texas prison for data entry services. That means that prisoners, including child molesters and pedophiles, were being handed personal information about children to enter into a computer data base. Although the company no longer uses prison labor, our bill would prohibit this dangerous practice from ever being used again. Prisoners and convicted sex offenders would never again have access to personal information about children.

In today's high-tech information age—when access to information on our personal lives is just a keystroke or phone call away—our children need this special protection. I urge my colleagues to support the Children's Privacy Protection and Parental Empowerment Act.

CONGRATULATIONS CHRISTIAN A. DASMARINAS, 1996 CONGRESSIONAL ARTS COMPETITION WINNER

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22, 1996

Mr. UNDERWOOD. Mr. Speaker, in my home district of Guam, we have many outstanding people. However, one young man from the village of Tamuning deserves special mention. This year, Christian Ragos Dasmarinas is the young artist from Guam to have his artwork displayed in our Capitol corridor. Christian's winning artwork is an evocative batik, featuring a Chamorro warrior resting against a lane in the shade of the tree. The batik expresses much about Chamorro culture and history. It is unmistakably Pacific and depicts our appreciation of our natural environment and our tropical island life.

In an era of intense gang violence and drug abuse, such a triumph is worth mentioning. His talent for art predicts future successes, but there are many things about Christian worth mentioning.

This young artist plans to attend college and major in computer programming. He aspires to become a Computer Aided Designer [CAD]. As a career in art would be inherent for Christian, this young man also plays the guitar for a local band, Anaesthesia. I envision Christian creating computer programs for students interested in the fields of art and music.

Christian is the second of the four children of Norberto and Cynthia Dasmarinas. In 1993, Christian and his family immigrated from the

Philippines to the United States to secure a better way of life and attain a piece of the American dream.

Christian has begun his journey to achieve that goal. He will graduate from the John F. Kennedy High school in 1998. Although this is his first award, it will certainly not be his last. Its hard to keep up with him. When he is not creating artistic work, he's strumming his guitar or surfing on the interent for a friend.

He has made his friends and family proud, and I am pleased to have his artwork represent Guam.

Congratulations to Christian Dasmarinas, who has mastered a fine piece.

NATIONAL MISSING CHILDREN'S DAY

HON. JIM RAMSTAD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 22,1996

Mr. RAMSTAD. Mr. Speaker, I rise today in honor of National Missing Children's Day May 25, and ask that my colleagues and the entire Nation remember the 1 million children reported missing in the United States.

Every State in our Nation has experienced the tragedy of a child heartlessly taken from family, friends, and the community at the hands of a kidnapper. In my home State of Minnesota, the community of St. Joseph continues to struggle and tries to understand the abduction of Jacob Wetterling, a healthy, happy child who this year would have graduated with the rest of his classmates at Apollo High School in St. Cloud.

Jacob Wetterling was abducted in 1989. Since his tragic disappearance, Jacob's family and friends have reminded us that life can be dramatically changed in a matter of moments. They remind us that even the seemingly most peaceful town can face tragedy of massive proportions. They remind us that every community in every State has a responsibility to offer safety and protection to its children.

Jacob's family and friends have shown their commitment to Jacob and other children by establishing the Jacob Wetterling Foundation. The foundation works tirelessly to promote child safety, support families, and search for missing children.

The Jacob Wetterling Foundation played an essential role in my efforts to enact Federal legislation to address the horrendous epidemic of sexual crimes against children.

Fully two-thirds of the nonfamily child abduction cases reported to police involve sexual assault. The National Center for Missing and Exploited Children reports that 74 percent of imprisoned child sex offenders had one or more prior convictions for a sexual offense against a child. Another study found that those who prey on young boys commit an average of 281 acts of molestation.

According to the Department of Justice, over 100,000 children are targets of attempted abductions each year. Thankfully, most attempts are unsuccessful, but thousands like Jacob tragically disappear.

That's why the Wetterling Foundation and Jacob's parents, Patty and Jerry Wetterling, worked tirelessly to help me pass the 1994 Jacob Wetterling Crimes Against Children Registration Act.

The Wetterling Act provides for the registration of convicted child sex offenders and violent sexual predators. This national requirement was needed because of the propensity of these offenders to repeat their heinous crimes again and again after their release from prison. Some States—like my home State of Minnesota—already provided for sex offender registration, but many offenders simply moved to another State and avoided detection and registration.

The children of America and their families needed the Wetterling Act to protect them from those who prey on children. Every major law enforcement organization asked for it as a resource for investigating child abduction and molestation cases.

Until recently, law enforcement was simply allowed to notify the community when dangerous child sexual offenders were released and living in the community. Congress recently passed Megan's law, which will require community notification. This is good news for America's children and families.

Mr. Speaker, May 25 is National Missing Children's Day. Jacob's family and friends, the people of St. Joseph and all Minnesotans will remember Jacob Wetterling and other children who have been abducted. The Wetterling Foundation has asked Minnesotan to leave their front porch lights glowing for National Missing Children's Day. These porch lights represent hope that Jacob and the other missing children will be found and returned home safely. They also represent a brighter future where children can be free from worry and fear because they are part of a community that makes child safety and protection the single most important priority.

I invite the citizens of every State in the Nation to join my fellow Minnesotans in leaving on their porch lights. Leave your lights on for Jacob Wetterling and the million other children who are still missing. Let them know we love them and will never stop looking for them.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, May 23, 1996, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JUNE 4

10:00 a.m.

Judiciary

To hold hearings on S. 1237, to revise certain provisions of law relating to child pornography.

SD–226

JUNE 5

9:30 a.m.

Agriculture, Nutrition, and Forestry

To hold hearings to examine proposals to reform the Commodity Exchange Act.

SR–328A

JUNE 6

2:00 p.m.

Energy and Natural Resources

Parks, Historic Preservation and Recreation Subcommittee

To hold hearings on S. 1703, to revitalize and expand the scope of operations of the National Park Foundation to assist in the preservation of America's national parks.

SD–366

JUNE 11

9:30 a.m.

Indian Affairs

To hold oversight hearings on the implementation of the Indian Trust Fund Management Reform Act of 1994, and on Indian trust funds management by the Department of the Interior.

SR–485

JUNE 13

2:00 p.m.

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1997 for the White House Office of National Drug Control Policy.

SD–192

JUNE 18

9:30 a.m.

Agriculture, Nutrition, and Forestry

Research, Nutrition, and General Legislation Subcommittee

To hold hearings to review a report to the Department of Agriculture by the Advisory Committee on Agricultural Concentration, and to examine other livestock industry issues.

SR–328A

SEPTEMBER 17

9:30 a.m.

Veterans' Affairs

To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the American Legion.

334 Cannon Building

CANCELLATIONS

MAY 23

9:30 a.m.

Special on Aging

To hold hearings to examine how the Supplemental Security Income and the

Disbility Income programs can be reformed to encourage more people to enter into productive employment.

SD–562

10:00 a.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1997 for foreign assistance programs.

SD–106

Banking, Housing, and Urban Affairs

To hold hearings on S. 1317, to repeal the Public Utility Holding Company Act of 1935 and transfer certain regulatory functions from the Securities and Exchange Commission to the Federal Energy Regulatory Commission and the Public Service Commissions of various States.

SD–538

Governmental Affairs

To resume hearings to examine the status of the modernization of the Internal Revenue Service tax modernization system.

SD–342

4:00 p.m.

Appropriations

Labor, Health and Human Services, and Education Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1997 for the National Institutes of Health, Department of Health and Human Services.

SD–192

POSTPONEMENTS

MAY 23

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings to examine issues relating to broadcast spectrum.

SR–253