S. 882. A bill to designate the Federal building at 1314 LeMay Boulevard, Ellsworth Air Force Base, South Dakota, as the ''Cartney Koch McRaven Child Development Center,'' and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER (for himself and Mr. INHOFE):

S. Res. 128. A resolution prohibiting the use of United States Ground Forces in Bosnia-Hercegovina; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. HUTCHISON:

S. 880. A bill to enhance fairness in compensating owners of patents used by the United States; to the Committee on the Judiciary.

LEGISLATION ENHANCING FAIRNESS IN THE COMPENSATION OF PATENT OWNERS

Mrs. HUTCHISON. Mr. President, I am introducing a bill today to provide fairness to our Nation's inventors. As the law is now written, inventors whose patents are taken for use by the Federal Government have only one recourse to obtain compensation—they are compelled by statute to bring a lawsuit against the Government. Under court interpretations, they are forced to bear all costs of the lawsuit, even when they win their case. This bill would permit patent holders whose claims are upheld to be reimbursed, as well, for their reasonable costs.

In 1982, when the U.S. Claims Court was created, the Congress made significant improvements in the existing law concerning claims against the Government. It did not, however, give consideration to the fairness of the existing statutes that require payment of compensation to persons whose patent rights are taken for national defense or other purposes. The Congress simply carried over the existing provisions of section 1498(a) of title 28, requiring ''reasonable and entire compensation'' for the taking of patent rights. Those provisions—fair on the surface—dated from the time of World War I. In the years since World War I, however, the statutory language has been applied by the courts in a manner that produces a serious inequity.

The problem arises most frequently in cases involving an inventor whose rights have been infringed by a defense contractor. In such a case, the statute provides that the inventor's only remedy is an action in the U.S. Claims Court against the Government—the beneficiary of the defense contractor's infringement—on the theory that, indirectly, the Government has taken the patent rights for public use.

The Government is authorized to take private property, for the benefit of the public, under the power of ''eminent domain.'' It may do so, however, only upon paying the ''just compensation'' required by the fifth amendment to the Constitution. The principle applies to the taking of intellectual property—like patents—as well as tangible property. Statutory application of this principle to the taking of patent rights is found in the part of section 1498(a) of Title 28 that provides:

> Whenever an invention . . . covered by a patent . . . is used . . . by . . . the United States without a license of the owner . . ., the owner's remedy shall be by action against the United States in the United States Claims Court for the recovery of his reasonable and entire compensation for such use. . . .

It might logically be supposed that the constitutional requirements of ''just compensation'' and the statutory requirements of ''reasonable and entire compensation'' would assure that an inventor will not suffer a loss when the Government takes his invention for public use. Unfortunately, logic and practice do not always keep pace with one another. The inventor does suffer loss—the costs of his lawsuit—and that loss can be significant.

The current situation may be summarized as follows: In order to obtain any compensation at all under section 1498, an inventor must initiate a lawsuit against the Government. After succeeding in such a suit, he becomes entitled to receive ''reasonable and entire compensation.'' But the inventor then finds that, under current court interpretations, he cannot recover any of the expenses, including the witnesses' travel costs and reasonable attorneys' fees, that he incurred as a result of having to pursue the civil action. The expenses are, in effect, deducted from that sum established to be fair compensation. In short, Government requires the victim of its taking to sue to recover his losses, forces him personally to bear all his costs in undertaking the suit, and leaves him with compensation that represents less than the true value of the property taken. This result is less than ''just'' and certainly is less than ''reasonable and entire.''

The courts have generally taken the position that if Congress had intended to include reimbursement of reasonable costs and attorneys' fees within the term ''reasonable and entire compensation'' it should have said so specifically.

That is what this bill does—it says so specifically. It would authorize expressly the recovery of reasonable costs by an inventor who is forced by statute to litigate against the Government in order to obtain compensation. It would permit the inventor to recover all his reasonable costs—including witnesses' fees and travel costs, attorneys' fees, charges by accountants and other experts, costs of employee time in reviewing records and otherwise preparing for the suit, court costs, and all related expenditures incurred as a result of bringing the lawsuit. The costs in each case would be scrutinized by the Claims Courts to assure that they were reasonable, of course, but to the extent they were reasonable they could be recovered.

This problem should have been corrected long ago—when it first became apparent that court interpretations would not permit inventors to obtain a complete recovery. To continue this inequity would be a serious disservice to some of our most productive inventors, and to some of our best companies in important industries. We need to be fair with those inventors and companies in order to encourage innovation and make our country more competitive. This bill would help assure the necessary fairness.

By Mr. PRYOR (for himself and Mr. GRASSLEY):

S. 881. A bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes; to the Committee on Finance.

CHURCH RETIREMENT BENEFITS SIMPLIFICATION ACT

Mr. PRYOR. Mr. President, I am pleased to introduce today the Church Retirement Benefits Simplification Act of 1995, legislation which I also introduced and held hearings on in the 101st, 102d, and 103d Congresses. This act provides much needed clarification of the rules that apply to church retirement and welfare benefit plans and brings consistency to those rules. In addition, the act resolves significant problems churches face in administering their retirement and welfare benefit programs under current law.

In developing this important legislation, we have worked closely with leaders of the pension boards of 30 mainline Protestant and Jewish denominations and a Catholic religious order. The employee benefit programs of these mainline denominations and order are among the oldest programs in our country. Several date from the 1700's, and their median age is in excess of 50 years. These programs provide retirement and welfare benefits for several hundred thousand clergy and lay workers employed by thousands of churches and church ministry organizations serving the spiritual needs of literally millions of members.

Church retirement benefits programs began in recognition of a denomination's mission to care for its church workers in their advanced years. Several church retirement and welfare benefit programs were initially formed to provide relief and benefits for retired, disabled, or impoverished ministers and families as particular cases of need were identified. As time passed, church denomination began to provide for the retirement needs of their ministers and lay workers on a current and

systematic basis. Today, church retirement and welfare benefit programs provide benefits for ministers and lay workers employed in all forms of pastoral, healing, teaching, and preaching ministries and missions, including, among others, local churches, seminaries, old-age homes, orphanages, mission societies, hospitals, universities, church camps and day care centers.

Mr. President, the goal of the act is to clarify the rules that apply to church employee benefit plans. Under current law, these rules are generally lengthy and complex and are, for the most part, designed for for-profit, commercial employers. Most denominations are composed of thousands of work units, each having only a few employees, and the budgets of these work units are marginal at best. These organizations rely almost completely on contributions from the offering plate to support their missions, including the salaries and retirement and welfare benefits of their ministers and lay workers. Unlike for-profit business entities, churches cannot pass operating costs on to customers by raising prices.

Churches are also much more loosely structured than most for-profit business organizations, and many denominations cannot impose requirements on their constituent parts. For example, hierarchically organized denominations may be able to control the provision of employee benefits to ministers and lay workers, while in congregational denominations, such control is typically more difficult.

In addition, churches are tax-exempt and, unlike for-profit business organizations, have no need for tax deductions. Churches and church ministry organizations therefore lack the incentive of for-profit employers to maximize either the amount of the employer's tax deduction or the amount of income which the highly compensated employees who control a for-profit business can shelter from current taxation through plan contributions and tax-free fringe or welfare benefits.

Mr. President, retirement and employee benefit tax laws do not always take the difference between churches and for-profit employers into account, with the result that churches have had to divert a significant amount of time and resources from their religious mission and ministries in attempting to identify and comply with rules that in many instances are unworkable or simply not needed for church employee benefit plans.

If the act becomes law, the reduction in administrative burdens and consequent savings in related costs now imposed on churches and church ministry organizations will outweigh any possible gain from an employee benefits policy perspective. Unlike the for-profit sector where cost savings result in a better bottom line for shareholders, savings in the church sector will find their way into missions and ministries that help people who need help.

A 1993 study by Independent Sector, a national membership organization composed of over 600 tax-exempt organizations and corporate philanthropy departments, indicated that approximately half the funds contributed to churches is used in service to others. Religious congregations are the primary voluntary service providers for neighborhoods. Ninety-two percent of religious congregations have one or more programs in human services. Three-fifths of religious congregations offer family counseling, and more than one-third—almost 40 percent—give means or shelter to the poor. Some 74 percent donate for international relief or missionary activity, and almost 90 percent sponsor hospices, health programs, hospitals, or provide for the disabled, retarded, or people in crises. The Independent Sector study indicated that in 1991 religious congregations made $6.6 billion in direct grants to other groups and gave $15.9 billion for education, human services and health programs. These figures are well beyond the giving of all U.S. foundations and corporations combined.

It is my view that the Congress should do everything possible to ensure that churches can continue to maximize their contributions toward these important missions and ministries, rather than paying for costs of complying with rules that are unworkable or not needed for church employee benefit plans.

The cornerstone of the act is a recodification of the rules applicable to church retirement plans so that all of such rules in the Internal Revenue Code are identified, simplified, and separated from the rules that apply to for-profit employers. Retirement plan issues unique to churches will thus not be inadvertently affected when Congress is considering future Code changes which are applicable to for-profit employers but not appropriate for churches.

The act would also ensure that church retirement plans, whether described in the new proposed section 401A—applicable only to those church section 401(a) plans that affirmatively decide to be subject to it—or section 403(b), are subject to the same coverage and related rules. In 1986, Congress determined that the section 403(b) plans of churches and so-called qualified church controlled organizations should not be subjected to coverage and related rules. The act would extend this same relief to church section 401(a) plans and would also eliminate the troublesome qualified church controlled organization approach in favor of a provision that only subjects church-related hospitals and universities to applicable coverage and related rules. The act, consistent with the law that now applies to church section 401(a) plans, would also clarify that the coverage rules that will apply to the section 403(b) programs of church-related hospitals and universities are those that were applicable prior to the enactment of the Employee Retirement Income Security Act of 1974.

The act also would resolve a number of other problems many church pension boards face under current law. For example, under present law there is a question as to whether self-employed ministers and chaplains who work for nonchurch employers are able to participate in their denomination's retirement and welfare benefit programs. The act would make it clear that such ministers may participate in such programs.

The act would also:

Make it clear that the portion of a retired minister's pension which is treated as parsonage allowance is not subject to Self Employment Contribution Act, or SECA, taxes;

For the first time, subject church plans to definite, objective vesting schedules;

Solve several church employer aggregation problems;

Provide relief that will result in better retirement income for foreign missionaries;

Simplify the required distribution rules that apply to church retirement plans;

Eliminate an unworkable requirement under the so-called section 403(b) catch-up contribution rules; and

Make relief granted under section 457 consistent with coverage relief proposed for church retirement and welfare benefit plans.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

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

S. 881

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Church Retirement Benefits Simplification Act of 1995''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. NEW QUALIFICATION PROVISION FOR CHURCH PLANS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by adding after section 401 the following new section:

''SEC. 401A. QUALIFIED CHURCH PLAN.

''(a) GENERAL RULE.—For purposes of all Federal laws, including this title, a qualified church plan shall be treated as satisfying the requirements of section 401(a), and all references in (or pertaining to) this title and such laws to a plan described in section 401(a) shall include a qualified church plan. Except as otherwise provided in this section, no paragraph of section 401(a) shall apply to a qualified church plan.

''(b) DEFINITION OF QUALIFIED CHURCH PLAN.—A plan is a qualified church plan if such plan meets the following requirements:

''(1) CHURCH PLAN REQUIREMENT.—The plan is a church plan (within the meaning of section 414(e)), and the election provided by section 410(d) has not been made with respect to such plan.

''(2) EMPLOYEE CONTRIBUTIONS ARE NONFORFEITABLE.—An employee's rights in the employee's accrued benefit derived from the employee's own contributions are nonforfeitable.

''(3) VESTING REQUIREMENTS.—The plan satisfies the requirements of subparagraph (A) or (B).

''(A) 10-YEAR VESTING.—A plan satisfies the requirements of this paragraph if an employee who has at least 10 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(B) 5- TO 15-YEAR VESTING.—A plan satisfies the requirements of this paragraph if an employee who has completed at least 5 years of service has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions which is not less than the percentage determined under the following table:

"Years of service	Nonforfeitable percentage
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100.

''(C) YEARS OF SERVICE.—For purposes of this paragraph, an employee's years of service shall be determined in accordance with any reasonable method selected by the plan administrator.

''(4) FUNDING REQUIREMENTS.—The plan meets the funding requirements of section 401(a)(7) as in effect on September 1, 1974.

''(5) ADDITIONAL REQUIREMENTS.—

''(A) The plan meets the requirements of paragraphs (1), (2), (8), (9), (16), (17), (25), (27), and (30) of section 401(a).

''(B) If the plan includes employees of an organization which is not a church, the plan meets the requirements of sections 401(a)(3) and 401(a)(6) (as in effect on September 1, 1974) and sections 401(a)(4), 401(a)(5), and 401(m).

For purposes of subparagraph (B), the plan administrator may elect to treat the portion of the plan maintained by any organization (or organizations) described in subparagraph (B) as a separate plan (or plans).

''(c) DEFINITIONS AND SPECIAL RULES.—

''(1) CHURCH.—For purposes of this section, the term 'church' means a church or a convention or association of churches, including an organization described in section 414(e)(3)(A) and an organization described in section 414(e)(3)(B)(ii), other than—

''(A) an organization described in section 170(b)(1)(A)(ii) above the secondary school level (other than a school for religious training), or

''(B) an organization described in section 170(b)(1)(A)(iii)—

''(i) which provides community service for inpatient medical care of the sick or injured (including obstetrical care); and

''(ii) not more than 50 percent of the total patient days of which during any year are customarily assignable to the categories of chronic convalescent and rest, drug and alcoholic, epileptic, mentally deficient, mental, nervous and mental, and tuberculosis, and care for the aged.

''(2) SATISFACTION OF TRUST PROVISION.—A plan shall not fail to be described in this section merely because such plan is funded through an organization described in section 414(e)(3)(A) if—

''(A) such organization is subject to fiduciary requirements under applicable State law;

''(B) such organization is separately incorporated from the church or convention or association of churches which controls it or with which it is associated;

''(C) the assets which equitably belong to the plan are separately accounted for; and

''(D) under the plan, at any time prior to the satisfaction of all liabilities with respect to participants and their beneficiaries, such assets cannot be used for, or diverted to, purposes other than for the exclusive benefit of participants and their beneficiaries (except that this paragraph shall not be construed to preclude the use of plan assets to defray the reasonable costs associated with administering the plan and informing employees and employers of the availability of the plan).

''(3) CERTAIN SECTIONS APPLY.—Section 401 (b), (c), and (h) shall apply to a qualified church plan.

''(4) FAILURE OF ONE ORGANIZATION MAINTAINING PLAN NOT TO DISQUALIFY PLAN.—If one or more organizations maintaining a church plan fail to satisfy the requirements of subsection (b), such plan shall not be treated as failing to satisfy the requirements of this section with respect to other organizations maintaining such plan.

''(5) CERTAIN EMPLOYEES NOT CONSIDERED HIGHLY COMPENSATED AND EXCLUDED EMPLOYEES.—For purposes of this section, no employee shall be considered an officer, person whose principal duties consist in supervising the work of other employees, or highly compensated employee if such employee during the year or the preceding year received compensation from the employer of less than $50,000. For purposes of this section, there shall be excluded from consideration employees described in section 410(b)(3)(A). The Secretary shall adjust the $50,000 amount under this paragraph at the same time and in the same manner as under section 415(d).

''(6) TIME FOR DETERMINATION OF APPLICABLE LAW.—Except where otherwise specified, the determination of whether a plan meets the requirements of subsection (b) shall be made in accordance with the provisions of this title as in effect immediately following enactment of the Church Retirement Benefits Simplification Act of 1995.''

(b) EFFECT ON EXISTING PLANS.—A church plan (within the meaning of section 414(e) of the Internal Revenue Code of 1986) which is otherwise subject to the applicable requirements of section 401(a) of such Code and which has not made the election provided by section 410(d) of such Code shall not be subject to section 401A of such Code, and shall remain subject to the applicable requirements of section 401(a) of such Code, unless the board of directors or trustees of an organization described in section 414(e)(3)(A) of such Code, or other appropriate governing body responsible for maintaining the plan, adopts a resolution under which the church plan is made subject to section 401A of such Code.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall be effective for years beginning after December 31, 1994, except that the provisions of section 401A(b)(3) of the Internal Revenue Code of 1986 shall be effective for years beginning after December 31, 1996. No regulation or ruling under section 401(a) of such Code issued after December 31, 1994, shall apply to a qualified church plan described in section 401A of such Code unless such regulation or ruling is specifically made applicable by its terms to qualified church plans.

(2) PRIOR YEARS.—A church plan (within the meaning of section 414(e) of such Code) shall not be deemed to have failed to satisfy the applicable requirements of section 401(a) of such Code for any year beginning prior to January 1, 1995.

SEC. 3. RETIREMENT INCOME ACCOUNTS OF CHURCHES.

(a) IN GENERAL.—Section 403(b)(9) is amended to read as follows:

''(9) RETIREMENT INCOME ACCOUNTS PROVIDED BY CHURCHES, ETC.—

''(A) AMOUNTS PAID TREATED AS CONTRIBUTIONS.—For purposes of this title—

''(i) a retirement income account shall be treated as an annuity contract described in this subsection, and

''(ii) amounts paid by an employer described in paragraph (1)(A) or by a church or a convention or association of churches, including an organization described in section 414(e)(3)(A) or 414(e)(3)(B)(ii), to a retirement income account shall be treated as amounts contributed by the employer for an annuity contract for the employee on whose behalf such account is maintained.

''(B) RETIREMENT INCOME ACCOUNT.—For purposes of this paragraph, the term 'retirement income account' means a program established or maintained by a church, a convention or association of churches, including an organization described in section 414(e)(3)(A), to provide benefits under this subsection for an employee described in paragraph (1) or an individual described in paragraph (13)(F), or their beneficiaries.''

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall be effective for years beginning after December 31, 1994.

(2) PRIOR YEARS.—A church plan (within the meaning of section 414(e)) shall not be deemed to have failed to satisfy the applicable requirements of section 403(b) for any year beginning prior to January 1, 1995.

SEC. 4. CONTRACTS PURCHASED BY A CHURCH.

(a) CLARIFICATION OF APPLICABLE NONDISCRIMINATION REQUIREMENTS.—Subparagraph (D) of section 403(b)(1) is amended to read as follows:

''(D) except in the case of a contract purchased by a church, such contract is purchased under a plan which meets the nondiscrimination requirements of paragraph (12)(A), and''.

(b) CERTAIN COVERAGE RULES APPLY.—Subparagraph (B) of section 403(b)(12) is amended to read as follows:

''(B) CERTAIN REQUIREMENTS.—If a contract purchased by a church is purchased under a church plan (within the meaning of section 414(e)) by—

''(i) an organization described in section 170(b)(1)(A)(ii) above the secondary school level (other than a school for religious training), or

''(ii) an organization described in section 170(b)(1)(A)(iii)—

''(I) which provides community service for inpatient medical care of the sick or injured (including obstetrical care), and

''(II) no more than 50 percent of the total patient days of which during any year are customarily assignable to the categories of chronic convalescent and rest, drug and alcoholic, epileptic, mentally deficient, mental, nervous and mental, and tuberculosis, and care for the aged,

the plan meets the requirements of sections 401(a)(3) and 401(a)(6), as in effect on September 1, 1974, and sections 401(a)(4), 401(a)(5), 401(a)(17), and 401(m).

For purposes of this subparagraph, the plan administrator may elect to treat the portion of the plan maintained by any organization (or organizations) described in this subparagraph as a separate plan (or plans).''

(c) SPECIAL RULES FOR CHURCHES.—Section 403(b) is amended by adding the following new paragraph at the end thereof:

''(13) DEFINITIONS AND SPECIAL RULES.—

''(A) CONTRACT PURCHASED BY A CHURCH.—For purposes of this subsection, the term 'contract purchased by a church' includes an annuity described in section 403(b)(1), a custodial account described in section 403(b)(7), and a retirement income account described in section 403(b)(9).

''(B) CHURCH.—For purposes of this subsection, the term 'church' means a church or a convention or association of churches, including an organization described in section 414(e)(3)(A) or section 414(e)(3)(B)(ii).

''(C) VESTING.—In the case of a contract purchased by a church under a church plan (within the meaning of section 414(e))—

''(i) sections 403(b)(1)(C) and 403(b)(6) shall not apply;

''(ii) such contract is not described in this subsection unless an employee's rights in the employee's accrued benefit under such contract which is attributable to contributions made pursuant to a salary reduction agreement are nonforfeitable; and

''(iii) such contract is not described in this subsection unless the plan satisfies the requirements of either of the following:

''(I) The plan provides that an employee who has at least 10 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(II) The plan provides that an employee who has completed at least 5 years of service has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions which percentage is not less than the percentage determined under the following table:

''Years of service	Nonforfeitable percentage
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100.

For purposes of clause (iii), an employee's years of service shall be determined in accordance with any reasonable method selected by the plan administrator.

''(D) FAILURE OF ONE ORGANIZATION MAINTAINING PLAN NOT TO DISQUALIFY PLAN.—In the case of a contract purchased by a church under a church plan (within the meaning of section 414(e)), if one or more organizations maintaining the church plan fails to satisfy the requirements of this section, such plan shall not be treated as failing to satisfy the requirements of this section with respect to other organizations maintaining such plan.

''(E) CERTAIN EMPLOYEES NOT CONSIDERED HIGHLY COMPENSATED AND EXCLUDED EMPLOYEES.—For purposes of this subsection, no employee for whom a contract is purchased by a church shall be considered an officer, person whose principal duties consist in supervising the work of other employees, or highly compensated employee if such employee during the year or the preceding year received compensation from the employer of less than $50,000. For purposes of this subsection, there shall be excluded employees described in section 410(b)(3)(A). The Secretary shall adjust the $50,000 amount under this subparagraph at the same time and in the same manner as under section 415(d).

''(F) CERTAIN MINISTERS MAY PARTICIPATE.—For purposes of this subsection—

''(i) IN GENERAL.—The term 'employee' shall include a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry who is a self-employed individual (within the meaning of section 401(c)(1)(B)) or any duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry who is employed by an organization other than an organization described in section 501(c)(3).

''(ii) TREATMENT AS EMPLOYER AND EMPLOYEE.—A self-employed minister described in clause (i) shall be treated as his or her own employer which is an organization described in section 501(c)(3) and which is exempt from tax under section 501(a). Such an employee who is employed by an organization other than an organization described in section 501(c)(3) shall be treated as employed by an organization described in section 501(c)(3) and which is exempt from tax under section 501(a).

''(iii) COMPENSATION.—In determining the compensation of a self-employed minister described in clause (i), the earned income (within the meaning of section 401(c)(2)) of such minister shall be substituted for 'the amount of compensation which is received from the employer' under paragraph (3).

In determining the years of service of a self-employed minister described in clause (i), the years (and portions of years) in which such minister was a self-employed individual (within the meaning of section 401(c)(1)(B)) shall be included for purposes of paragraph (4).

''(G) TIME FOR DETERMINATION OF APPLICABLE LAW.—Except where otherwise specified, the determination of whether a contract purchased by a church meets the requirements of this subsection shall be made in accordance with the provisions of this title as in effect immediately following enactment of the Church Retirement Benefits Simplification Act of 1993.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall be effective for years beginning after December 31, 1994, except that the provisions of section 403(b)(13)(C)(iii) of the Internal Revenue Code of 1986 shall be effective for years beginning after December 31, 1996. No regulation or ruling issued under section 401(a) or 403(b) of such Code after December 31, 1994, shall apply to a contract purchased by a church unless such regulation or ruling is specifically made applicable by its terms to such contracts. For purposes of applying the exclusion allowance of section 403(b)(2) of such Code and the limitations of section 415 of such Code, any contribution made after December 31, 1996, which is forfeitable pursuant to section 403(b)(13)(C) of such Code shall be treated as an amount contributed to the contract in the year for which such contribution is made and not in the year the contribution becomes nonforfeitable.

(2) PRIOR YEARS.—A church plan (within the meaning of section 414(e) of such Code) shall not be deemed to have failed to satisfy the applicable requirements of section 403(b) of such Code for any year beginning prior to January 1, 1995.

SEC. 5. CHANGE IN DISTRIBUTION REQUIREMENT FOR RETIREMENT INCOME ACCOUNTS.

(a) IN GENERAL.—Subparagraph (A) of section 403(b)(11) is amended by inserting ''or, in the case of a retirement income account described in paragraph (9), within the meaning of section 401(k)(2)'' after ''section 72(m)(7)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for years beginning after December 31, 1988.

SEC. 6. REQUIRED BEGINNING DATE FOR DISTRIBUTIONS UNDER CHURCH PLANS.

(a) IN GENERAL.—Subparagraph (C) of section 401(a)(9) is amended by striking the last sentence and inserting the following new sentence: ''For purposes of this subparagraph, the term 'church plan' has the meaning given such term by section 414(e).''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as if included in the provision of the Tax Reform Act of 1986 to which such amendment relates.

SEC. 7. PARTICIPATION OF MINISTERS IN CHURCH PLANS.

(a) IN GENERAL.—Section 414 is amended by adding the following new subsection:

''(u) SPECIAL RULES FOR MINISTERS.—Notwithstanding any other provision of this title, if a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry participates in a church plan (within the meaning of section 414(e)), then—

''(1) such minister shall be excluded from consideration for purposes of applying sections 401(a)(3), 401(a)(4), and 401(a)(5), as in effect on September 1, 1974, and sections 401(a)(4), 401(a)(5), 401(a)(26), 401(k)(3), 401(m), 403(b)(1)(D) (including section 403(b)(12)), and 410 to any stock bonus, pension, profit-sharing, or annuity plan (including an annuity described in section 403(b) or a retirement income account described in section 403(b)(9)) described in this part. For purposes of this part, the church plan in which such minister participates shall be treated as a plan or contract meeting the requirements of section 401(a), 401A, or 403(b) (including section 403(b)(9)) with respect to such minister's participation; and

''(2) such minister shall be excluded from consideration for purposes of applying an applicable section to any plan providing benefits described in an applicable section.

For purposes of paragraph (2), the term 'applicable section' means section 79(d), section 105(h), paragraphs (1), (2), and (3) of section 120(c), section 125(b), section 127(b)(2), and paragraphs (2), (3), and (8) of section 129(d).''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for years beginning before, on, or after December 31, 1995.

SEC. 8. CERTAIN RULES AGGREGATING EMPLOYEES NOT TO APPLY TO CHURCHES, ETC.

(a) IN GENERAL.—Section 414 is amended by adding the following new subsection:

''(v) CERTAIN RULES AGGREGATING EMPLOYEES NOT TO APPLY TO CHURCHES, ETC.—

''(1) IN GENERAL.—If the election provided by paragraph (3) is made, for purposes of sections 401(a)(3), 401(a)(4), and 401(a)(5), as in effect on September 1, 1974, and sections 401(a)(4), 401(a)(5), 401(a)(17), 401(a)(26), 401(h), 401(m), 410(b), 411(d)(1), and 416, subsections (b), (c), (m), (o), and (t) of this section shall not apply to treat the employees of church-related organizations as employed by a single employer, except in the case of employees of church-related organizations which are not exempt from tax under section 501(a) and which have a common, immediate parent.

''(2) DEFINITION OF CHURCH-RELATED ORGANIZATION.—For purposes of this subsection, the term 'church-related organization' means a church or a convention or association of churches, an organization described in section 414(e)(3)(A), an organization described in section 414(e)(3)(B)(ii), or an organization the employees of which would be aggregated with the employees of such organizations but for the election provided by paragraph (3).

''(3) ELECTION TO DISAGGREGATE.—The provisions of this subsection shall apply if a

church-related organization makes an election for itself and other church-related organizations (in such form and manner as the Secretary may by regulations prescribe) on or before the last day of the first plan year beginning on or after January 1, 1998.''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as if included in the provisions of Public Law 93–406, Public Law 98–369, and Public Law 99–514 to which such amendment relates.

SEC. 9. SELF-EMPLOYED MINISTERS TREATED AS EMPLOYEES FOR PURPOSES OF CERTAIN WELFARE BENEFIT PLANS AND RETIREMENT INCOME ACCOUNTS.

(a) IN GENERAL.—Section 7701(a)(20) is amended to read as follows:

''(20) EMPLOYEE.—For the purpose of applying the provisions of section 79 with respect to group-term life insurance purchased for employees, for the purpose of applying the provisions of sections 104, 105, and 106 with respect to accident or health insurance or accident or health plans, for the purpose of applying the provisions of section 101(b) with respect to employees' death benefits, for the purpose of applying the provisions of subtitle A with respect to contributions to or under a stock bonus, pension, profit-sharing, or annuity plan, and with respect to distributions under such a plan, or by a trust forming part of such a plan, and for purposes of applying section 125 with respect to cafeteria plans, the term 'employee' shall include a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry who is a self-employed individual (within the meaning of section 401(c)(1)(B)) or a full-time life insurance salesman who is considered an employee for the purpose of chapter 21, or in the case of services performed before January 1, 1951, who would be considered an employee if his services were performed during 1951.''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for years beginning before, on, or after December 31, 1994.

SEC. 10. DEDUCTIONS FOR CONTRIBUTIONS BY CERTAIN MINISTERS TO RETIREMENT INCOME ACCOUNTS.

(a) IN GENERAL.—Section 404(a) is amended by adding the following new paragraph:

''(10) CONTRIBUTIONS BY CERTAIN MINISTERS TO RETIREMENT INCOME ACCOUNTS.—In case contributions are made by a minister described in section 403(b)(13)(F) to a retirement income account described in section 403(b)(9) and not by a person other than such minister, such contributions shall be treated as made to a trust which is exempt from tax under section 501(a) which is part of a plan which is described in section 401(a) and shall be deductible under this subsection to the extent such contributions do not exceed the exclusion allowance of such minister, determined under section 403(b)(2).''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for years beginning after December 31, 1994.

SEC. 11. MODIFICATION FOR CHURCH PLANS OF RULES FOR PLANS MAINTAINED BY MORE THAN ONE EMPLOYER.

(a) IN GENERAL.—Section 413(c) is amended by adding the following new paragraph:

''(8) CHURCH PLANS MAINTAINED BY MORE THAN ONE EMPLOYER.—A church plan (within the meaning of section 414(e)) maintained by more than one employer, and with respect to which the election provided by section 410(d) has not been made, which commingles assets solely for purposes of investment and pooling for mortality experience to provide to participants annuities computed with reference to the balance in the participants' accounts when such accounts become payable shall not be treated as a single plan maintained by more than one employer under this subsection. The rules provided by this paragraph shall apply for purposes of applying section 403(b)(12) to such church plan.''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for years beginning before, on, or after December 31, 1994.

SEC. 12. SECTION 457 NOT TO APPLY TO DEFERRED COMPENSATION OF A CHURCH.

(a) IN GENERAL.—Paragraph (13) of section 457(e) is amended to read as follows:

''(13) SPECIAL RULE FOR CHURCHES.—The term 'eligible employer' shall not include a church (within the meaning of section 401A(c)(1)).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1978.

SEC. 13. CHURCH PLAN MODIFICATION TO SEPARATE ACCOUNT REQUIREMENT OF SECTION 401(h).

(a) EXCEPTION TO SEPARATE ACCOUNT REQUIREMENT.—Section 401(h) is amended by adding the following new sentence at the end thereof: ''Notwithstanding the preceding sentence, in the case of a pension or annuity plan that is a church plan (within the meaning of section 414(e)) which is maintained by more than one employer, paragraph (6) shall not apply to an employee who is a key employee for purposes of section 416 solely because such employee is described in section 416(i)(1)(A)(i) (relating to officers having an annual compensation greater than 150 percent of the amount in effect under section 415(c)(1)(A)).''

(b) APPLICATION OF SECTION 415(l).—Section 415(l)(1) is amended to read as follows:

''(1) IN GENERAL.—For purposes of this section, the following shall be treated as an annual addition to a defined contribution plan for purposes of subsection (c):

''(A) Contributions allocated to any individual medical account which is part of a pension or annuity plan.

''(B) The actuarially determined amount of prefunding for the insurance value of benefits which are—

''(i) described in section 401(h);

''(ii) paid under a pension or annuity plan that is a church plan (within the meaning of section 414(e));

''(iii) paid under a plan maintained by more than one employer; and

''(iv) payable solely to an employee who is a key employee for purposes of section 415 solely because such employee is described in section 416(i)(1)(A)(i) (relating to officers having an annual compensation greater than 150 percent of the amount in effect under section 415(c)(1)(A)), his spouse, or his dependents.

Subparagraph (B) of section (c)(1) shall not apply to any amount treated as an annual addition under the preceding sentence.''

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after March 31, 1984.

SEC. 14. RULE RELATING TO INVESTMENT IN CONTRACT NOT TO APPLY TO FOREIGN MISSIONARIES.

(a) IN GENERAL.—The last sentence of section 72(f) is amended to read as follows: ''The preceding sentence shall not apply to amounts which were contributed by the employer, as determined under regulations prescribed by the Secretary, to provide pension or annuity credits, to the extent such credits are attributable to services performed before January 1, 1963, and are provided pursuant to pension or annuity plan provisions in existence on March 12, 1962, and on that date applicable to such services, or to provide pension or annuity credits for foreign missionaries (within the meaning of section 403(b)(2)(D)(iii)).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1994.

SEC. 15. REPEAL OF ELECTIVE DEFERRAL CATCH-UP LIMITATION FOR RETIREMENT INCOME ACCOUNTS.

(a) IN GENERAL.—Clause (iii) of section 402(g)(8)(A) is amended to read as follows:

''(iii) except in the case of elective deferrals under a retirement income account described in section 403(b)(9), the excess of $5,000 multiplied by the number of years of service of the employee with the qualified organization over the employer contributions described in paragraph (3) made by the organization on behalf of such employee for prior taxable years (determined in the manner prescribed by the Secretary).''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as if included in the provision of the Tax Reform Act of 1986 to which such amendment relates.

SEC. 16. CHURCH PLANS MAY ANNUITIZE BENEFITS.

(a) IN GENERAL.—A retirement income account described in section 403(b)(9) of the Internal Revenue Code of 1986, a church plan (within the meaning of section 414(e) of such Code) that is a plan described in section 401(a) or 401A of such Code, or an account which consists of qualifed voluntary employee contributions described in section 219(e)(2) of such Code (as in effect before the date of the enactment of the Tax Reform Act of 1986) and earnings thereon, shall not fail to be described in such sections merely because it pays benefits to participants (and their beneficiaries) from a pool of assets administered or funded by an organization described in section 414(e)(3)(A) of such Code, rather than through the purchase of annuities from an insurance company.

(b) EFFECTIVE DATE.—This provision shall be effective for years beginning before, on, or after December 31, 1994.

SEC. 17. CHURCH PLANS MAY INCREASE BENEFIT PAYMENTS.

(a) IN GENERAL.—A retirement income account described in section 403(b)(9) of the Internal Revenue Code of 1986, a church plan (within the meaning of section 414(e) of such Code) that is a plan described in section 401(a) or 401A of such Code, or an account which consists of qualified voluntary employee contributions described in section 219(e)(2) of such Code (as in effect before the date of the enactment of the Tax Reform Act of 1986) and earnings thereon, shall not fail to be described in such sections merely because it provides benefit payments to participants (and their beneficiaries)—

(1) to take into account the investment performance of the underlying assets or favorable interest or mortality experience, or

(2) that increase in an amount not in excess of 5 percent per year.

(b) EFFECTIVE DATE.—This provision shall be effective for years beginning before, on, or after December 31, 1994.

SEC. 18. RULES APPLICABLE TO SELF-INSURED MEDICAL REIMBURSEMENT PLANS NOT TO APPLY TO PLANS OF CHURCHES.

(a) IN GENERAL.—Section 105(h) is amended by adding the following new paragraph:

''(11) PLANS OF CHURCHES.—This subsection shall not apply to a plan maintained by a church (within the meaning of section 401A(c)(1)).''

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for years beginning before, on, or after December 31, 1994.

SEC. 19. 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 earning from self-employment any retirement benefit received by such individual from a church plan (as defined in section 414(e))'' 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.

By Mr. PRESSLER (for himself and Mr. DASCHLE):

S. 882. A bill to designate the Federal building at 1314 LeMay Boulevard, Ellsworth Air Force Base, SD, as the ''Cartney Koch McRaven Child Development Center'', and for other purposes; to the Committee on Environment and Public Works.

CARTNEY KOCH MCRAVEN CHILD DEVELOPMENT CENTER

Mr. PRESSLER. Mr. President, I am proud to introduce legislation today along with my South Dakota colleague, Senator DASCHLE to designate the child development center at Ellsworth Air Force Base in South Dakota as the Cartney Koch McRaven Child Development Center.

It was just slightly more than a month ago that terrorist thugs bombed the Alfred P. Murrah Federal Building in Oklahoma City. Among the victims inside was Cartney Koch McRaven. Stationed at Tinker Air Force Base and having just been married the previous weekend, Cartney was in the Murrah Federal Building to register her new married name on Federal documents. Tragically, her life was cut short by the savagery of domestic terrorism.

It is only fitting that we honor Cartney at Ellsworth Air Force Base. Spearfish was her home. And she chose to begin her adult life by joining the Air Force and serving her country. And serve she did, with honor, with devotion, with dignity.

It is even more fitting that her name appear on the child development center at Ellsworth. Airman First Class Cartney Koch McRaven served in Haiti, where the stark poverty had an enormous impact on her. Cartney's heart went out to the children of Haiti. She devoted her time in Haiti to an orphanage, offering a warm smile and a kind, loving word to young faces. The mission of our Armed Forces in Haiti was to ensure peace and offer hope to the people of Haiti—young and old. Cartney took her mission to heart.

Even her family honored Cartney's commitment to young people by urging that donations be made in Cartney's memory to the orphanage in Haiti.

But we do more than honor a person. We honor the values she personified and practiced in her daily life. The values of service, of duty, of compassion and caring for the underprivileged young—values that are at the core of South Dakota and of America.

It is my hope that by passing this legislation, Cartney Koch McRaven forever will be remembered as a symbol of these core values and an inspiration to the young people in South Dakota and America to honor and serve their family, community, and country.

Mr. President, I ask unanimous consent that the text of this legislation introduced today by myself and Senator Daschle appear in the appropriate place in the RECORD.

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

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

SECTION 1. DESIGNATION OF CARTNEY KOCH MCRAVEN CHILD DEVELOPMENT CENTER.

(a) IN GENERAL.—The Federal building at 1314 LeMay Boulevard, Ellsworth Air Force Base, South Dakota, shall be known and designated as the ''Cartney Koch McRaven Child Development Center''.

(b) REPLACEMENT BUILDING.—If, after the date of enactment of this Act, a new Federal building is built at the location described in subsection (a) to replace the building described in the subsection, the new Federal building shall be known and designated as the ''Cartney Koch McRaven Child Development Center''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to a Federal building referred to in section 1 shall be deemed to be a reference to the ''Cartney Koch McRaven Child Development Center''.

ADDITIONAL COSPONSORS

S. 44

At the request of Mr. REID, the names of the Senator from New Mexico [Mr. DOMENICI] and the Senator from Mississippi [Mr. LOTT] were added as cosponsors of S. 44, a bill to amend title 4 of the United States Code to limit State taxation of certain pension income.

S. 254

At the request of Mr. LOTT, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 254, a bill to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the U.S. merchant marine during World War II.

S. 327

At the request of Mr. HATCH, the name of the Senator from Ohio [Mr. DEWINE] 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. 397

At the request of Mr. MCCAIN, the name of the Senator from Ohio [Mr. DEWINE] was added as a cosponsor of S. 397, a bill to benefit crime victims by improving enforcement of sentences imposing fines and special assessments, and for other purposes.

S. 426

At the request of Mr. SARBANES, the names of the Senator from Rhode Island [Mr. CHAFEE], the Senator from Colorado [Mr. CAMPBELL], the Senator from Wisconsin [Mr. KOHL], the Senator from Wisconsin [Mr. FEINGOLD], the Senator from New Mexico [Mr. BINGAMAN], the Senator from New York [Mr. MOYNIHAN], and the Senator from Connecticut [Mr. DODD] were added as cosponsors of S. 426, a bill to authorize the Alpha Phi Alpha Fraternity to establish a memorial to Martin Luther King, Jr., in the District of Columbia, and for other purposes.

S. 579

At the request of Mr. BREAUX, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 579, a bill to amend the JOBS program in title IV of the Social Security Act to provide for a job placement voucher program, and for other purposes.

S. 628

At the request of Mr. KYL, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of S. 628, a bill to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

S. 667

At the request of Mr. BRYAN, the name of the Senator from Louisiana [Mr. BREAUX] was added as a cosponsor of S. 667, a bill to amend the Securities Exchange Act of 1934 in order to reform the conduct of private securities litigation, to provide for financial fraud detection and disclosure, and for other purposes.

S. 770

At the request of Mr. DOLE, the names of the Senator from Virginia [Mr. ROBB] and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of S. 770, a bill to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

S. 771

At the request of Mr. PRYOR, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 771, a bill to provide that certain Federal property shall be made available to States for State use before being made available to other entities, and for other purposes.

S. 830

At the request of Mr. SPECTER, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 830, a bill to amend title 18, United States Code, with respect to fraud and false statements.

S. 867

At the request of Mr. COCHRAN, the names of the Senator from Oklahoma [Mr. INHOFE], the Senator from North Carolina [Mr. HELMS], and the Senator from Montana [Mr. BURNS] were added as cosponsors of S. 867, a bill to amend the Internal Revenue Code of 1986 to revise the estate and gift tax in order to preserve American family enterprises, and for other purposes.

S. 878

At the request of Mr. COCHRAN, the name of the Senator from Indiana [Mr.