Should we punish people for this? Is it fair to single people out for harsher tax treatment just because they live in one state and work in another? Of course not. It's economic discrimination. And even worse, it's unconstitutional.

It's especially unfair in the case of New Jersey residents who work in New York City. Those people work hard. And their work brings real, tangible benefits to New York—benefits that translate into a stronger economy for New York City and the rest of the state.

New York needs those commuters. But that fact seems to escape the state's lawmakers. Their message to New Jersey residents is this—''You're second-class citizens. You don't live on our side of the state line, so you don't count.''

In 1996 alone, nearly 240,000 New Jersey residents paid $75 million in commuter taxes to New York. I'm sure they didn't like paying it, but at least in 1996 the tax was applied with a sense of fair play. Not anymore. Those commuters are plenty mad. And who can blame them?

Commuting to work is a necessity for millions of people. Often, it's an economic necessity. Or a desire to be close to family members.

When you tax people just for driving across state lines to work, you're essentially telling them they shouldn't have a choice about where they live.

That is wrong, Mr. President. I ask my colleagues to support this amendment.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from New York is recognized for 5 minutes.

Mr. SCHUMER. I very much appreciate the encomia that the Senator from Connecticut has given to our State of New York.

I want to thank my colleague from New Jersey for not forcing this dubious amendment tonight. First of all, there are two reasons to reject this amendment. One is that it is moot. Six days ago, as the Senator from New Jersey indicated, a court knocked out the entire commuter tax. To spend time debating this amendment right now, at this late hour, when people are eager to leave, and when the good work of the Senator from Texas and the Senator from Illinois has to be completed, does not make much sense.

Second, I caution that for the Senate to do this amendment without any hearings, without it going to the Finance Committee, might jeopardize all sorts of other complex decisions. Many States have pacts and agreements and covenants with neighboring States. How much this amendment affects those pacts and agreements, I don't know—but neither does anybody else in this Chamber.

To move this legislation which might have an effect on so many things, I am told, without nary a hearing or a discussion, would be a serious mistake. In fact, the Federation of Tax Administrators, on June 21, wrote about the companion bill in the House. They said:

> Just what this bill is trying to do that has not already been done is the question. Unfortunately, when Congress attempts to restate existing constitutional law, the courts are left to cast about for a meaning for the new law. The resulting interpretations lead to countless examples of ''unintended consequences.'' Because of the bill's widespread impact, its confusing language, and the fact that the protections Congress hopes to bestow upon the taxpayers of New Jersey are already firmly established in the U.S. Constitution, the Federation [that is the Federation of Tax Administrators] would urge you at a minimum to withhold consideration of the House companion bill.

So I appreciate the fact we have done that in the House. We will debate this another day, this already moot point, and to not take any further time from my colleagues who are eager to debate other issues.

I yield back the remainder of my time and wish my colleagues a happy Fourth of July.

The PRESIDING OFFICER. The Senator from Montana.

OPEN-MARKET REORGANIZATION FOR THE BETTERMENT OF INTERNATIONAL TELECOMMUNICATIONS ACT

Mr. BURNS. I ask unanimous consent that the Senate now proceed to consideration of S. 376 as reported by the Commerce Committee.

Mr. LOTT. Reserving the right to object, and I will not object, I just want to commend the Senator from Montana for his dogged determination to move this legislation. I am sure that all of its imperfections will be resolved in conference. I commend him for his efforts.

I withdraw my reservation.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

> A bill (S. 376) a bill to amend the Communication Satellite Act of 1962 to promote competition and privatization in satellite communications, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. LOTT. Mr. President, today the Senate will pass a measure that will usher in a new era in the international satellite communications marketplace. This bill is the result of months of deliberation among many of my colleagues and builds upon a debate from last Congress.

First and foremost, I extend my appreciation to the distinguished chairman of the Communications Subcommittee, Senator CONRAD BURNS, for his unrelenting diligence in working with all parties involved, both in the Senate and in the private sector. There were numerous players who had a stake or an interest in this reform measure. Senator BURNS was willing to accommodate their perspectives while remaining true to his commitment to move forward. I thank him for that.

Along with Senator BURNS, other Members in this Chamber, Senator BREAUX, Senator HOLLINGS, Senator STEVENS, and others were actively engaged in the process. Their contributions enhanced the final product in many respects and helped produce a more balanced bill. Let me also recognize Senator JOHN MCCAIN, chairman of the Senate Commerce Committee. His leadership and his support has been instrumental in helping to advance this effort, and I want to thank him as well.

Reaching a unified unanimous, Senate position on legislation of this magnitude was not a simple task. Although the bill garnered widespread agreement on principle, the technical issues have not been easy. Some were complex, given the marketplace transition from one dominated by intergovernmental organizations to one of private sector competition. Other issues were straightforward but contentious. This made it necessary to take the time and work through some of these areas in a fair and open manner. We did, and I am pleased that the Senate has now moved forward.

S. 376 enacts timely reform of a visionary policy adopted by Congress in the early 1960s to blaze the trail of a global communications network. It was the right policy at the right time. A solid foundation was laid as a result, and commercial satellite service has come of age. Now, over 35 years later, it is the right time for Congress to enact another visionary public policy. One that will move us from a marketplace dominated primarily by intergovernmental organizations to one of competitive, privately owned companies offering viable opportunities and real choices. A marketplace that will reflect today's market realities and encourage robust competition in our new satellite communications community for years to come. Such services are growing in demand, and Congress should act on behalf of consumers. They deserve it.

I always say that nothing could get done in the Senate without dedicated staff. Several individuals worked hard to prepare this legislation for passage. They include Mark Ashby, Lloyd Ator, Mark Buse, Greg Elias, Paula Ford, Leo Giacometto, Carole Grunberg, Maureen McLaughlin, Mike Rawson, Greg Rhode, Mitch Rose, Ivan Schlager, and Howard Waltzman. I thank them all for their time and their efforts.

It is my hope this is the year Congress will pass an international satellite privatization bill.

Mr. LIEBERMAN. Mr. President, I rise today to express my concerns about S. 376, the international satellite reform legislation. While I commend my colleagues who have worked hard on this very important issue, I am concerned that there is still more work to do to ensure reform that results in a truly competitive market.

Comprehensive satellite reform is long overdue. The 1962 Communications Satellite Act is based on a 1960s

era notion that telecommunications services must be provided by national or international monopolies. This thinking gave rise to two treaty organizations, INTELSAT and Inmarsat, to provide international satellite communications services. Comsat, a private company, was created by Congress in 1962 and has been the U.S. representative—known as the Signatory—to these intergovernmental organizations. Today, we know that technology and the marketplace demand that this monopoly, governmental model must give way to private competition.

S. 376 may be a first step toward reaching the goal of privatizing the treaty organizations and reforming the 1962 Act. But more remains to be done.

One important issue that is very troubling to me involves the legal immunity that Comsat enjoys as the U.S. Signatory to INTELSAT. This is a critical issue. The FCC has found that Comsat's immunity gives it significant competitive advantages. Comsat is a publicly-traded private company. Legal immunity is an extraordinary advantage in the marketplace. It is rare for Congress to grant such a powerful advantage to a private commercial company. We must be very careful here.

I understand that Comsat might remain as the U.S. Signatory until INTELSAT is fully privatized, and, therefore, it would retain some official responsibility to represent the U.S. government. I understand that, in that capacity, it might need legal immunity when it is acting at the instruction of the U.S. government. But in every other action it takes, at INTELSAT or elsewhere, it should not and does not enjoy legal immunity. S. 376 limits Comsat's legal immunity.

My concern here is a simple one. If Congress by law is bestowing legal immunity on a private company, Congress has an obligation to be very clear and precise as to what actions are protected. The provisions in S. 376 that limits Comsat's immunity is not precise and specific enough. However, the intent and wording is plain that as long as Comsat represents the U.S. officially at INTELSAT prior to its privatization, it may enjoy legal immunity, but that immunity is clearly limited to the actions it takes pursuant to the written instruction it receives from the U.S. government.

While the intent is clear that Comsat obtains immunity only when it is acting under written government instruction, the language in this bill regarding immunity requires further clarification at conference.

We have a duty to be clear and precise when we grant such an extraordinary benefit as legal immunity to a private company. I raise this today because I want this issue to be further resolved in the Conference Committee, prior to enactment.

I look forward to working with my colleagues, Senators HOLLINGS, MCCAIN, LOTT, STEVENS, BURNS and others on the Commerce Committee to ensure that this clarification problem is corrected.

Mr DODD. Mr. President, I am pleased that today we will pass S. 376, which concerns the important topic of International Satellite Reform. I have followed the issue with interest for years, in part because in my Foreign Relations Committee work, we have addressed the market access concerns that are a critical part of opening up this industry.

Although it is significant to finally have the Senate on record supporting the need for a competitive restructuring of the international satellite market, this bill will need some work before it can achieve that goal. It does not make sense to address this issue for the first time in over 35 years, and to leave some issues unresolved. I believe that there is room for improvement with respect to balancing incentives and leverage in making the international marketplace more competitive. I also believe we need to move quickly to normalize our relations with Intelsat, and its U.S. component, Comsat.

I urge the Senate conferees from the Commerce Committee to continue their good work by tightening up this bill and removing unnecessary loopholes.

AMENDMENT NO. 1221

Mr. BURNS. There is a managers' amendment at the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BURNS], for himself, Mr. LOTT, and Mr. STEVENS, proposes an amendment numbered 1221.

Mr. BURNS. I ask unanimous consent that the reading of the amendment be dispensed.

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

The amendment is as follows:

Section 4 of S. 376 (as amended by the ''ORBIT'' substitute) is amended by striking proposed

Section 603 of the Communications Satellite Act of 1962 and inserting the following new section:

''SEC. 603. RESTRICTIONS PENDING PRIVATIZATION.

(a) INTELSAT shall be prohibited from entering the United States market directly to provide any satellite communications services or space segment capacity to carriers (other than the United States signatory) or end users in the United States until July 1, 2001 or until INTELSAT achieves a pro-competitive privatization pursuant to section 613 (a) if privatization occurs earlier.

(b) Notwithstanding subsection (a), INTELSAT shall be prohibited from entering the United States market directly to provide any satellite communications services or space segment capacity to any foreign signatory, or affiliate thereof, and no carrier, other than the United States signatory, nor any end user, shall be permitted to invest directly in INTELSAT.

(c) Pending INTELSAT's privatization, the Commission shall ensure that the United States signatory is compensated by direct access users for the costs it incurs in fulfilling its obligations under this Act.

(d) The provisions of subsections (b) and (c) shall remain in effect only until INTELSAT achieves a pro-competitive privatization pursuant to section 613(a).''

On line 21, page 32, Section 612(b), insert ''subsection'' after the word ''under''.

On line 21, page 32, Section 612(b), replace ''consider'' with ''determine whether''.

On line 23, page 32, Section 612(b), insert ''exist'' after the word ''connections''.

On line 9, page 33, Section 612(b)(4), after ''ownership'', insert ''and whether the affiliate is independent of IGO signatories or former signatories who control telecommunications market access in their home territories.''

On line 19, page 35, section 613(c)(1), after ''taxation'', insert ''and does not unfairly benefit from ownership by former signatories who control telecommunications market access to their home territories.''

On line 13, page 37, Section 613(d), replace ''consider'' with ''determine''.

On line 14, page 37, Section 613(d), insert ''and Inmarsat'' after ''INTELSAT''.

Mr. BURNS. I ask unanimous consent that the amendment be considered as read and agreed to, the committee substitute be agreed to, as amended, and the bill be read for the third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

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

The amendment (No. 1221) was agreed to.

The committee substitute, as amended, was agreed to.

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

(The bill will be printed in a future edition of the RECORD.)

Mr. BURNS. Mr. President, I thank our distinguished Majority Leader and Senator STEVENS for working with me, Senator MCCAIN, Senator HOLLINGS, and Senator BREAUX on the passage of S. 376, the Open-Market Reorganization for the Betterment of International Telecommunications Act, better known as ''ORBIT.''

The passage of ORBIT by unanimous consent today clearly indicates the Senate's overwhelming support for the approach taken in ORBIT to reform our satellite communications laws. I look forward to working with my good friend in the other body, Chairman BLILEY, on getting this legislation enacted into law this year.

ORBIT is a truly bipartisan bill that updates the Satellite Communications Act of 1962, expands competition, and encourages new market entrants in satellite communications. It will help to secure the rapid and pro-competitive privatization of INTELSAT by a date certain of January 1, 2002. The bill provides new incentives for INTELSAT's privatization, while at the same time, carries tough consequences if INTELSAT fails to achieve this important objective.

The bill also brings needed reform to the U.S. signatory to INTELSAT, COMSAT, by removing its special

privileges and immunities. In addition, the bill eliminates outdated statutory restrictions on the ownership of COMSAT, which will allow COMSAT to function like a normal, private commercial company.

ORBIT will enhance competition in satellite communications, bringing far reaching and long-term benefits to consumers both here and abroad. I thank my colleagues on both sides of the aisle, and I especially want to thank the staff. The staff of all parties was involved in this. There have been long hours and long days devoted to this particular issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I yield to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mrs. HUTCHISON. Mr. President, at this time I call up Calendar No. 170, S. 1283, the D.C. appropriations bill for fiscal year 2000.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

A bill (S. 1283) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for fiscal year ending September 30, 2000, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I ask my colleague from Georgia if he would allow me to make a general statement about the bill for about 5 minutes, and then I will defer to Senator DURBIN if he has a statement?

Mr. COVERDELL. Absolutely.

Mrs. HUTCHISON. Mr. President, I am pleased to bring to the Senate floor the bill making appropriations for the government of the District of Colombia for fiscal year 2000. This bill is largely the result of the cooperation between Mayor Williams, the city council, and the Financial Control Board. As a result of the hard work of locally elected officials, the Congress and the Financial Control Board, we begin to see signs of a healthier financial picture in the District.

At the end of fiscal year 1998, the District boasted an annual surplus of $445 million. This surplus allowed the District to eliminate the accumulated deficit.

Having paid that off, the District still realized a $112 million positive fund balance. The District is projecting a $282 million fund balance by the end of this year, which is 6 percent of the gross budget. The District's healthy fund balance and improved economic forecasts have helped the District achieve investment grade bond ratings on Wall Street, which will save the District millions in borrowing costs. One of the important provisions in the committee bill creates a mechanism that will help improve this situation even more. I am looking toward a higher bond rating for the city than the level at which it now rests.

While the economic condition of the District is improving, service delivery in our Nation's Capital still has a way to go. The public school system is still in serious condition. Chief among these concerns are recent reports of convicted felons walking away from district-run halfway houses and committing violent crimes. The District government will not be able to attract new families, middle-class families, to the city unless its streets are safe, the schools are effective, and its tax structure is competitive with surrounding jurisdictions.

Despite these problems, the budget moves the city in the correct direction, and I think we are making great progress. The subcommittee has adopted the District's consensus budget with a few modifications. These are the few:

We have again required the District to hold a $150 million reserve fund, and there are tight restrictions on the use of the reserve fund. It can now serve as a true ''rainy day'' fund for the city. In addition, we require the District to hold a 4-percent budget surplus. The combination of the reserve and the required surplus will give the District a solid financial cushion that is slightly above what other major cities hold, but it is appropriate for the District in order to improve its bond rating. Any funds above the 4-percent surplus are directed to be used in this manner: No less than half for debt reduction, no more than half for spending on nonrecurring expenses.

Currently, the District spends 13 percent of its budget servicing its debt. The highest normal ratio for a city is 10 percent. The reforms envisioned by this bill would bring this more in line with other cities.

The city's debt was at one time so bad that it was not even rated by the major agencies. The city's bond rating is now investment grade, although it is the lowest rank of investment grade. I think this budget will start the process by which that rating will be upgraded. This is so important for the District to save millions in borrowing costs in the future.

In addition, our budget has education reform. The committee has provided $17 million for the D.C. College Tuition Assistance Program, subject to authorization. I will wait and talk about that a little more when Senator DURBIN discusses it as well.

We have also addressed the issue of charter schools in the city. Many believe that charter schools are an important force for improving education in the city. Our bill adopts the D.C. City Council program to ensure that pupils in both public schools and charter schools receive the same amount of funding. This way, charter schools will remain an education alternative for students in the District.

Everyone knows crime in the District is still too high. We have provided $5.8 million for drug testing of people on probation. This has worked in other cities and we hope it will bring down the crime rate in the District of Columbia as well. We provided $1 million to the D.C. police to combat open-air drug markets. This was a special concern expressed by Senator DURBIN, and I think a correct one. These are dens of criminal activity that ruin a neighborhood and spread drugs to children. This money we hope will be used to start wiping out those open-air drug markets.

We have also permitted the District to use economic development funds that we appropriated last year to be used for local tax relief for commercial revitalization. Rebuilding or refurbishing a blighted neighborhood is the most important thing we can do to bring it back into the economic mainstream and keep it safe. The District has found just recently, as the landlord of a number of abandoned properties, that such properties are a magnet for crime and drug use. So these funds can be used for revitalization and public/private partnerships.

The committee tried to address the concerns of the mayor and the council. We certainly intend to improve the education system in the District. We are not where we want to be to make the Capital City the very best city in the whole United States, the beacon for what America is, but we are heading in that direction. It is the goal of Congress to make sure that our Capital City is one that all Americans feel they own and they can be proud of.

I am pleased the Appropriations Committee reported this bill unanimously and look forward to working through the conference with Senator DURBIN, my ranking member, who has been very cooperative and helpful in getting a bill through that will address the needs the District has and provide for those needs.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, let me say this is a new assignment for me as a ranking Democrat on the subcommittee on D.C. appropriations. I served in a similar capacity in the House and it has become a subject which I am more familiar with each time the appropriation process begins. But it has been a special pleasure to work with the chairman of this committee, Senator KAY BAILEY HUTCHISON of Texas. This is the first time we worked this closely together. It has been a very professional relationship, and I think a very productive one for the people of the District, as well as the Senate.

I salute, as well, Mary Beth Nethercutt and Jim Hyland of her staff, for their cooperation. I thank, on my side, Terry Sauvain, who is not