

107TH CONGRESS  
1ST SESSION

# H. R. 1270

To increase accountability for Government spending and to reduce wasteful Government spending.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2001

Mr. DEFAZIO introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Armed Services, Science, Resources, Financial Services, International Relations, Veterans' Affairs, 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

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## A BILL

To increase accountability for Government spending and to reduce wasteful Government spending.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Comprehensive Fiscal Responsibility and Accountability  
6 Act of 2001”.

7 (b) TABLE OF CONTENTS.—The table of contents of  
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASED ACCOUNTABILITY AND REDUCTION IN  
MEDICARE WASTE AND FRAUD

- Sec. 101. Increased medical reviews and antifraud activities.  
 Sec. 102. Expansion of medicare senior waste patrol nationwide.  
 Sec. 103. Application of inherent reasonableness to all Part B services other than physicians' services.  
 Sec. 104. Implementation of commercial claims auditing systems.

TITLE II—INCREASED ACCOUNTABILITY AND REDUCTION OF  
WASTEFUL DEFENSE SPENDING

- Sec. 201. Cancellation of F-22 aircraft program.  
 Sec. 202. Cancellation of Comanche helicopter program.  
 Sec. 203. Cancellation of Crusader artillery program.  
 Sec. 204. Cancellation of V-22 aircraft program.  
 Sec. 205. Limitation on procurement of Virginia class attack submarines.  
 Sec. 206. Termination of production of Trident D5 missiles.  
 Sec. 207. Reduction in nuclear delivery systems within overall limits of START II.  
 Sec. 208. Creation of common NATO airlift capability and reduction of United States costs for C-17 aircraft.  
 Sec. 209. Deferral of procurement of additional C-130 tactical airlift planes.  
 Sec. 210. Reduction in requirements for Air Force and Navy pilots in nonflying positions.  
 Sec. 211. Reduction in number of officers so as to return to enlisted-to-officer ratio in existence in 1989.  
 Sec. 212. Placement of Selective Service System in "deep standby" status.  
 Sec. 213. End of taxpayer support for defense industry mergers.  
 Sec. 214. Reduction of United States support for weapons sales abroad by eliminating future assistance under the Foreign Military Financing program.  
 Sec. 215. Limitation on proposed increases for National Missile Defense to fiscal year 2000 levels.  
 Sec. 216. Reduction of Central Intelligence Agency budget by 10 percent.

TITLE III—REDUCTION AND REFORM OF ANTIENVIRONMENTAL  
SPENDING

Subtitle A—Program Terminations and Fees

- Sec. 301. Nuclear Energy Research Initiative.  
 Sec. 302. National Ignition Facility.  
 Sec. 303. Tokamak Fusion Reactors.  
 Sec. 304. Diesel engine research.  
 Sec. 305. Nuclear waste fund fee.

Subtitle B—Mining Provisions

- Sec. 311. Definitions.  
 Sec. 312. Royalties.  
 Sec. 313. Limitation on patent issuance.  
 Sec. 314. Mining claim maintenance requirements.  
 Sec. 315. Savings clause.

## TITLE IV—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

- Sec. 401. Repeal of exclusion of certain income of foreign sales corporations.  
 Sec. 402. Denial of deduction for payments of excessive compensation.  
 Sec. 403. Disallowance of deductions for advertising and promotional expenses relating to tobacco product use.  
 Sec. 404. Source of income from certain sales of inventory property.

## TITLE V—MISCELLANEOUS PROVISIONS TO REDUCE WASTEFUL AND INEFFICIENT SPENDING

- Sec. 501. International space station.  
 Sec. 502. Overseas Private Investment Corporation.  
 Sec. 503. Prohibition on provision of new credit by the Export-Import Bank of the United States.  
 Sec. 504. Trade and Development Agency.  
 Sec. 505. Termination of international broadcasting authorities.  
 Sec. 506. Joint procurement of pharmaceuticals by the Department of Defense and the Department of Veterans Affairs.

1 **TITLE I—INCREASED ACCOUNT-**  
 2 **ABILITY AND REDUCTION IN**  
 3 **MEDICARE WASTE AND**  
 4 **FRAUD**

5 **SEC. 101. INCREASED MEDICAL REVIEWS AND ANTIFRAUD**  
 6 **ACTIVITIES.**

7 Section 1893(d) of the Social Security Act (42 U.S.C.  
 8 1395ddd(d)) is amended by inserting after paragraph (3)  
 9 the following:

10 “(4) In the case of the year 2002 and each sub-  
 11 sequent year, procedures to ensure that—

12 “(A) the number of medical reviews, utili-  
 13 zation reviews, and fraud reviews in a fiscal  
 14 year of providers of services and other individ-  
 15 uals and entities furnishing items and services  
 16 for which payment may be made under this title  
 17 (as a percentage of total claims paid) is equal

1 to at least twice the number of such reviews  
2 that were conducted in fiscal year 2000;

3 “(B) the number of provider cost reports  
4 audited in a fiscal year is equal to at least—

5 “(i) 15 percent of those submitted by  
6 a home health agency or a skilled nursing  
7 facility; and

8 “(ii) twice the number of such reports  
9 that were audited in fiscal year 2000 for  
10 those submitted by any other provider of  
11 services or any other individual or entity  
12 furnishing items and services for which  
13 payment may be made under this title; and

14 “(C) in determining which providers of  
15 services, individuals, entities, or cost reports to  
16 review or audit, priority is placed on providers,  
17 individuals, entities, and areas that the Sec-  
18 retary determines are subject to abuse and  
19 most likely to result in mispayment or overpay-  
20 ment recoveries.”.

21 **SEC. 102. EXPANSION OF MEDICARE SENIOR WASTE PA-**  
22 **TROL NATIONWIDE.**

23 There are authorized to be appropriated \$25,000,000  
24 in fiscal year 2002, and such sums as are necessary for  
25 fiscal years 2003 through 2005, for the purpose of car-

1 rying out, and expanding nationwide, the Health Care  
2 Anti-Fraud, Waste and Abuse Community Volunteer  
3 Demonstration Projects conducted by the Administration  
4 on Aging pursuant to the Omnibus Consolidated Appro-  
5 priations Act, 1997 (Public Law 104–208).

6 **SEC. 103. APPLICATION OF INHERENT REASONABLENESS**  
7 **TO ALL PART B SERVICES OTHER THAN PHY-**  
8 **SICIANS' SERVICES.**

9 (a) REPEAL OF CERTAIN PROVISIONS OF THE BAL-  
10 ANCED BUDGET ACT OF 1997.—

11 (1) REPEAL.—Section 4316 of the Balanced  
12 Budget Act of 1997 (Public Law 105–33; 111 Stat.  
13 390), and the amendments made by such section,  
14 are repealed effective August 5, 1997.

15 (2) APPLICABILITY.—Effective August 5, 1997,  
16 the Social Security Act shall be applied and adminis-  
17 tered as if section 4316 of the Balanced Budget Act  
18 of 1997 (Public Law 105–33; 111 Stat. 390), and  
19 the amendments made by such section, had not been  
20 enacted.

21 (b) APPLICATION OF INHERENT REASONABLENESS  
22 TO ALL PART B SERVICES OTHER THAN PHYSICIANS'  
23 SERVICES.—

1           (1) IN GENERAL.—Section 1842(b)(8) of the  
2           Social Security Act (42 U.S.C. 1395u(b)(8)) is  
3           amended to read as follows:

4           “(8) The Secretary shall describe by regulation the  
5           factors to be used in determining the cases (of particular  
6           items or services) in which the application of this part  
7           (other than to physicians’ services paid under section  
8           1848) results in the determination of an amount that, be-  
9           cause of its being grossly excessive or grossly deficient,  
10          is not inherently reasonable, and provide in those cases  
11          for the factors to be considered in establishing an amount  
12          that is realistic and equitable.”.

13           (2) EFFECTIVE DATE.—The amendment made  
14          by this subsection shall take effect August 5, 1997.

15   **SEC. 104. IMPLEMENTATION OF COMMERCIAL CLAIMS AU-**  
16                                   **DITING SYSTEMS.**

17          (a) COMMERCIAL CLAIMS AUDITING SYSTEMS.—

18           (1) IN GENERAL.—Not later than 90 days after  
19          the date of enactment of this Act, the Secretary  
20          shall require medicare carriers to use commercial  
21          claims auditing systems in the processing of claims  
22          under part B of the medicare program under title  
23          XVIII of the Social Security Act (42 U.S.C. 1395j  
24          et seq.) for the purpose of identifying billing errors  
25          and abuses.

1           (2) SUPPLEMENT TO OTHER TECHNOLOGY.—  
2           Commercial claims auditing systems required under  
3           paragraph (1) shall be used as a supplement to any  
4           other information technology used by medicare car-  
5           riers in processing claims under the medicare pro-  
6           gram.

7           (3) UNIFORMITY.—In order to ensure uni-  
8           formity in processing claims under the medicare pro-  
9           gram, the Secretary may require that medicare car-  
10          riers utilize 1 or more common commercial claims  
11          auditing systems, provided that the selection of such  
12          system or systems by the Secretary shall be—

13                 (A) after due consideration of competing  
14                 alternative systems; but

15                 (B) without regard to any provision of law  
16                 that requires the use of competitive procedures  
17                 (as defined in section 4 of the Office of Federal  
18                 Procurement Policy Act (41 U.S.C. 403)) or  
19                 the publication of notice of proposed procure-  
20                 ments.

21          (4) IMPLEMENTATION.—Commercial claims au-  
22          diting systems required under paragraph (1) shall be  
23          implemented by all medicare carriers by not later  
24          than 180 days after the date of enactment of this  
25          Act.

1 (b) MINIMUM SOFTWARE REQUIREMENTS.—Any  
2 commercial claims auditing system required to be imple-  
3 mented pursuant to subsection (a) shall, at a minimum—

4 (1) be a commercial item;

5 (2) surpass the capability of systems currently  
6 used in the processing of claims under part B of the  
7 medicare program; and

8 (3) be modifiable to—

9 (A) satisfy pertinent statutory require-  
10 ments of the medicare program; and

11 (B) conform to policies of the Secretary re-  
12 garding claims processing under such program.

13 (c) DISCLOSURE.—

14 (1) IN GENERAL.—Except as provided in para-  
15 graph (2), notwithstanding any other provision of  
16 law, any information technology (or data related  
17 thereto) utilized by medicare carriers in establishing  
18 a commercial claims auditing system pursuant to  
19 subsection (a) shall not be subject to public disclo-  
20 sure.

21 (2) AUTHORIZED DISCLOSURE.—The Secretary  
22 may authorize the public disclosure of the informa-  
23 tion described in paragraph (1) if the Secretary de-  
24 termines that—



1 (A) release of such information is in the  
2 public interest; and

3 (B) the information to be released is not  
4 protected from disclosure under section 552(b)  
5 of title 5, United States Code.

6 (d) DEFINITIONS.—In this section—

7 (1) COMMERCIAL CLAIMS AUDITING SYSTEM.—  
8 The term “commercial claims auditing system”  
9 means a commercial specialized auditing system that  
10 includes edits which identify inappropriately coded  
11 health care claims.

12 (2) COMMERCIAL ITEM.—The term “commer-  
13 cial item” has the meaning given such term in sec-  
14 tion 4 of the Office of Federal Procurement Policy  
15 Act (41 U.S.C. 403).

16 (3) INFORMATION TECHNOLOGY.—The term  
17 “information technology” has the meaning given  
18 such term in subparagraphs (A) and (B) of section  
19 5002(3) of the Information Technology Management  
20 Reform Act of 1996 (40 U.S.C. 1401(3)), were such  
21 information technology to be acquired by an execu-  
22 tive agency.

23 (4) MEDICARE CARRIER.—The term “medicare  
24 carrier” means an entity that has a contract with

1 the Secretary pursuant to section 1842(a) of the So-  
2 cial Security Act (42 U.S.C. 1395u(a)).

3 (5) SECRETARY.—The term “Secretary” means  
4 the Secretary of Health and Human Services.

5 **TITLE II—INCREASED ACCOUNT-**  
6 **ABILITY AND REDUCTION OF**  
7 **WASTEFUL DEFENSE SPEND-**  
8 **ING**

9 **SEC. 201. CANCELLATION OF F-22 AIRCRAFT PROGRAM.**

10 The Secretary of the Air Force shall cancel the F-  
11 22 Raptor aircraft program. No funds may be obligated  
12 for that program after the date of the enactment of this  
13 Act.

14 **SEC. 202. CANCELLATION OF COMANCHE HELICOPTER**  
15 **PROGRAM.**

16 The Secretary of the Army shall cancel the Comanche  
17 helicopter program. No funds may be obligated for that  
18 program after the date of the enactment of this Act.

19 **SEC. 203. CANCELLATION OF CRUSADER ARTILLERY PRO-**  
20 **GRAM.**

21 The Secretary of the Army shall cancel the Crusader  
22 artillery program. No funds may be obligated for that pro-  
23 gram after the date of the enactment of this Act.

1 **SEC. 204. CANCELLATION OF V-22 AIRCRAFT PROGRAM.**

2       The Secretary of the Navy shall cancel the V-22 Os-  
3 prey aircraft program. No funds may be obligated for that  
4 program after the date of the enactment of this Act.

5 **SEC. 205. LIMITATION ON PROCUREMENT OF VIRGINIA**  
6 **CLASS ATTACK SUBMARINES.**

7       Through fiscal year 2010, the Secretary of the Navy  
8 may enter into contracts for the procurement of no more  
9 than eight Virginia class submarines (including contracts  
10 entered into before the date of the enactment of this Act).

11 **SEC. 206. TERMINATION OF PRODUCTION OF TRIDENT D5**  
12 **MISSILES.**

13       No funds may be obligated after the date of the en-  
14 actment of this Act for production of Trident D5 missiles.

15 **SEC. 207. REDUCTION IN NUCLEAR DELIVERY SYSTEMS**  
16 **WITHIN OVERALL LIMITS OF START II.**

17       The President shall take such steps as necessary to  
18 reduce the nuclear delivery systems of the United States  
19 so as to bring the number of such systems within the over-  
20 all START II limits. For purposes of this section, the term  
21 “overall START II limits” means the limitations on nu-  
22 clear delivery systems that would be in effect under the  
23 START II Treaty, if ratified.

1 **SEC. 208. CREATION OF COMMON NATO AIRLIFT CAPA-**  
2 **BILITY AND REDUCTION OF UNITED STATES**  
3 **COSTS FOR C-17 AIRCRAFT.**

4 The Secretary of Defense shall seek to reach an  
5 agreement with the other member nations of the North  
6 Atlantic Treaty Organization to establish a common  
7 NATO airlift capability consisting of 20 C-17 aircraft  
8 with a cost-sharing arrangement similar to that for the  
9 common NATO AWACS fleet. The 20 C-17 aircraft pro-  
10 grammed by the Air Force for procurement in fiscal years  
11 2002 and 2003 shall be transferred to NATO for that  
12 common NATO airlift capability upon such an agreement  
13 being entered into.

14 **SEC. 209. DEFERRAL OF PROCUREMENT OF ADDITIONAL C-**  
15 **130 TACTICAL AIRLIFT PLANES.**

16 The Secretary of the Air Force may not enter into  
17 a contract for procurement of additional C-130 aircraft  
18 for fiscal years 2002 through 2006.

19 **SEC. 210. REDUCTION IN REQUIREMENTS FOR AIR FORCE**  
20 **AND NAVY PILOTS IN NONFLYING POSITIONS.**

21 The Secretary of the Air Force and the Secretary of  
22 the Navy shall each evaluate nonflying positions in the Air  
23 Force and the Navy, respectively, that are currently re-  
24 quired to be held by pilots and, to the maximum extent  
25 practicable, shall modify the qualifications for those posi-

1 tions to reduce the requirements for pilots for those posi-  
2 tions.

3 **SEC. 211. REDUCTION IN NUMBER OF OFFICERS SO AS TO**  
4 **RETURN TO ENLISTED-TO-OFFICER RATIO IN**  
5 **EXISTENCE IN 1989.**

6 The Secretary of Defense shall implement a program  
7 to reduce the ratio of enlisted-to-officer personnel of each  
8 of the Army, Navy, Air Force, and Marine Corps to a ratio  
9 of at least six-to-one by not later than January 1, 2006.  
10 The Secretary shall carry out that program through re-  
11 ductions in officer promotions to general and flag officer  
12 grades and through reductions in the number of officers  
13 in pay grades O-4, O-5, and O-6 through voluntary pro-  
14 grams under existing provisions of law, including tem-  
15 porary early retirement authority, voluntary separation in-  
16 centive, and the special separation benefit.

17 **SEC. 212. PLACEMENT OF SELECTIVE SERVICE SYSTEM IN**  
18 **“DEEP STANDBY” STATUS.**

19 (a) RESTRICTION OF REGISTRATION REQUIREMENT  
20 TO PERIODS OF NATIONAL EMERGENCIES.—(1) Section  
21 3(a) of the Military Selective Service Act (50 U.S.C. App.  
22 453(a)) is amended by inserting after “this title,” the fol-  
23 lowing: “during any period in which a declaration of na-  
24 tional emergency is in effect,”.

1           (2) Section 3 of such Act (50 U.S.C. App. 453) is  
2 further amended by adding at the end the following new  
3 subsections:

4           “(c) The President shall have the authority to declare  
5 a period of national emergency during which the registra-  
6 tion requirements of subsection (a) shall apply. Subject  
7 to subsection (d), the President shall provide for the  
8 prompt termination of the declaration of national emer-  
9 gency upon the termination of the national emergency.

10          “(d) A declaration of national emergency under sub-  
11 section (c) shall terminate upon the expiration of a 10-  
12 day period of continuous session of Congress after the  
13 date of the declaration unless Congress enacts a law before  
14 the end of that period ratifying that specific declaration.  
15 For purposes of this subsection, the continuity of a session  
16 of Congress is broken only by an adjournment of the Con-  
17 gress sine die, and the days on which either House is not  
18 in session because of an adjournment of more than three  
19 days to a day certain are excluded in the computation of  
20 the 10-day period.”.

21          (3) Section 12 of such Act (50 U.S.C. App. 462) is  
22 amended by adding at the end the following new sub-  
23 section:

24          “(h) In addition to the exception provided by sub-  
25 section (g), a person may not be denied a right, privilege,

1 benefit, or employment position under Federal law on the  
2 grounds that the person failed to present himself for and  
3 submit to registration under section 3 before the date of  
4 the enactment of this subsection.”.

5 (b) SUSPENSION OF ACTIVITIES OF SELECTIVE  
6 SERVICE SYSTEM BOARDS.—Section 17 of such Act (50  
7 U.S.C. App. 467) is amended by adding at the end the  
8 following new subsection:

9 “(d) Except during any period in which a declaration  
10 of national emergency is in effect under section 3—

11 “(1) the President may not appoint a person as  
12 a member of a civilian local board, civilian appeal  
13 board, or similar local agency of the Selective Serv-  
14 ice System; and

15 “(2) any such board established under section  
16 10(b)(3) may not meet.”.

17 (c) REPORT ON STANDBY REGISTRATION PROGRAM  
18 FOR USE DURING NATIONAL EMERGENCIES.—Not later  
19 than 150 days after the date of the enactment of this Act,  
20 the Director of the Selective Service System shall submit  
21 to Congress a report detailing a standby emergency man-  
22 power mobilization program to be used by the Selective  
23 Service System during periods in which a declaration of  
24 national emergency is in effect for the registration of per-  
25 sons who would be subject to registration under section

1 3 of the Military Selective Service Act (50 U.S.C. App.  
2 453) during such a period. The report shall include an  
3 estimate of the cost to implement and operate the standby  
4 program and an evaluation of the feasibility of using exist-  
5 ing and emerging information systems available to the  
6 Government to improve the effectiveness of any registra-  
7 tion requirements.

8 **SEC. 213. END OF TAXPAYER SUPPORT FOR DEFENSE IN-**  
9 **DUSTRY MERGERS.**

10 Expenses incurred by a defense contractor related to  
11 a corporate merger may not be considered to be an allow-  
12 able cost under a Department of Defense contract, and  
13 no funds appropriated to the Department of Defense may  
14 be used to reimburse a contractor for any such expense.

15 **SEC. 214. REDUCTION OF UNITED STATES SUPPORT FOR**  
16 **WEAPONS SALES ABROAD BY ELIMINATING**  
17 **FUTURE ASSISTANCE UNDER THE FOREIGN**  
18 **MILITARY FINANCING PROGRAM.**

19 After the date of the enactment of this Act, no new  
20 loan, grant, or other assistance may be provided under the  
21 “Foreign Military Financing Program” account under  
22 section 23 of the Arms Export Control Act (22 U.S.C.  
23 2763).



1 **SEC. 215. LIMITATION ON PROPOSED INCREASES FOR NA-**  
2 **TIONAL MISSILE DEFENSE TO FISCAL YEAR**  
3 **2000 LEVELS.**

4 The amount appropriated for the National Missile  
5 Defense program of the Department of Defense for any  
6 fiscal year may not exceed the amount appropriated for  
7 that program for fiscal year 2000, adjusted for inflation.

8 **SEC. 216. REDUCTION OF CENTRAL INTELLIGENCE AGENCY**  
9 **BUDGET BY 10 PERCENT.**

10 The total amount obligated for programs and activi-  
11 ties of the Central Intelligence Agency for fiscal year 2002  
12 may not exceed 90 percent of the total amount obligated  
13 for programs and activities of the Central Intelligence  
14 Agency for fiscal year 2001.

15 **TITLE III—REDUCTION AND RE-**  
16 **FORM OF ANTIENVIRONMEN-**  
17 **TAL SPENDING**

18 **Subtitle A—Program Terminations**  
19 **and Fees**

20 **SEC. 301. NUCLEAR ENERGY RESEARCH INITIATIVE.**

21 The Department of Energy shall not obligate any fur-  
22 ther funding for the Nuclear Energy Research Initiative.

23 **SEC. 302. NATIONAL IGNITION FACILITY.**

24 The Department of Energy shall not obligate any fur-  
25 ther funding for the National Ignition Facility.

1 **SEC. 303. TOKAMAK FUSION REACTORS.**

2 The Department of Energy shall not obligate any fur-  
3 ther funding for Tokamak fusion reactors.

4 **SEC. 304. DIESEL ENGINE RESEARCH.**

5 The Department of Energy shall not obligate any fur-  
6 ther funding for research on diesel engines for cars and  
7 light trucks.

8 **SEC. 305. NUCLEAR WASTE FUND FEE.**

9 (a) FEE ADJUSTMENT.—Section 302(a)(2) of the  
10 Nuclear Waste Policy Act of 1982 is amended by adding  
11 at the end the following new sentence: “The Secretary  
12 shall adjust the fee annually for inflation.”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 subsection (a) shall take effect 90 days after the date of  
15 enactment of this section.

16 **Subtitle B—Mining Provisions**

17 **SEC. 311. DEFINITIONS.**

18 For purposes of subtitle:

19 (1) The term “locatable mineral” means any  
20 mineral not subject to disposition under any of the  
21 following:

22 (A) The Mineral Leasing Act (30 U.S.C.  
23 181 et seq.).

24 (B) The Geothermal Steam Act of 1970  
25 (30 U.S.C. 100 et seq.).

1 (C) The Act of July 31, 1947, commonly  
2 known as the Materials Act of 1947 (30 U.S.C.  
3 601 et seq.).

4 (D) The Mineral Leasing for Acquired  
5 Lands Act (30 U.S.C. 351 et seq.).

6 (2) The term “mineral activities” means any  
7 activity for, related to or incidental to mineral explo-  
8 ration, mining, beneficiation and processing activi-  
9 ties for any locatable mineral, including access.  
10 When used with respect to this term:

11 (A) The term “exploration” means those  
12 techniques employed to locate the presence of a  
13 locatable mineral deposit and to establish its  
14 nature, position, size, shape, grade and value.

15 (B) The term “mining” means the proc-  
16 esses employed for the extraction of a locatable  
17 mineral from the earth.

18 (C) The term “beneficiation” means the  
19 crushing and grinding of locatable mineral ore  
20 and such processes as are employed to free the  
21 mineral from other constituents, including but  
22 not necessarily limited to, physical and chemical  
23 separation techniques.

24 (D) The term “processing” means proc-  
25 esses downstream of beneficiation employed to

1           prepare locatable mineral ore into the final  
2           marketable product, including but not limited  
3           to, smelting and electrolytic refining.

4           (3) The term “mining claim” means a claim for  
5           the purposes of mineral activities.

6           (4) The term “net smelter return” shall have  
7           the same meaning as the term defined in section  
8           613(c)(1) of the Internal Revenue Code.

9           (5) The term “Secretary” means the Secretary  
10          of the Interior acting through the Director of the  
11          Minerals Management Service.

12          (6) The term “substantial underreporting”  
13          means the difference between the royalty on the  
14          value of the production which should have been re-  
15          ported and the royalty on the value of the produc-  
16          tion which was reported, if the value which should  
17          have been reported is greater than the value which  
18          was reported. An underreporting constitutes a “sub-  
19          stantial underreporting” if such difference exceeds  
20          10 percent of the royalty on the value of production  
21          which should have been reported.

22 **SEC. 312. ROYALTIES.**

23          (a) RESERVATION OF ROYALTY.—Production of all  
24          locatable minerals from any mining claim located or con-  
25          verted under the general mining laws, or mineral con-

1 concentrates or products derived from locatable minerals from  
2 any mining claim located or converted under the general  
3 mining laws, as the case may be, shall be subject to a  
4 royalty of 8 percent of the net smelter return from such  
5 production. The claim holder and any operator to whom  
6 the claim holder has assigned the obligation to make roy-  
7 alty payments under the claim and any person who con-  
8 trols such claim holder or operator shall be jointly and  
9 severally liable for payment of such royalties.

10 (b) DUTIES OF CLAIM HOLDERS, OPERATORS, AND  
11 TRANSPORTERS.—(1) A person—

12 (A) who is required to make any royalty pay-  
13 ment under this section shall make such payments  
14 to the United States at such times and in such man-  
15 ner as the Secretary may by rule prescribe; and

16 (B) shall notify the Secretary, in the time and  
17 manner as may be specified by the Secretary, of any  
18 assignment that such person may have made of the  
19 obligation to make any royalty or other payment  
20 under a mining claim.

21 (2) Any person paying royalties under this section  
22 shall file a written instrument, together with the first roy-  
23 alty payment, affirming that such person is liable to the  
24 Secretary for making proper payments for all amounts due  
25 for all time periods for which such person as a payment

1 responsibility. Such liability for the period referred to in  
2 the preceding sentence shall include any and all additional  
3 amounts billed by the Secretary and determined to be due  
4 by final agency or judicial action. Any person liable for  
5 royalty payments under this section who assigns any pay-  
6 ment obligation shall remain jointly and severally liable  
7 for all royalty payments due for the claim for the period.

8 (3) A person conducting mineral activities shall—

9 (A) develop and comply with the site security  
10 provisions in operations permit designed to protect  
11 from theft the locatable minerals, concentrates or  
12 products derived therefrom which are produced or  
13 stored on a mining claim, and such provisions shall  
14 conform with such minimum standards as the Sec-  
15 retary may prescribe by rule, taking into account the  
16 variety of circumstances on mining claims; and

17 (B) not later than the 5th business day after  
18 production begins anywhere on a mining claim, or  
19 production resumes after more than 90 days after  
20 production was suspended, notify the Secretary, in  
21 the manner prescribed by the Secretary, of the date  
22 on which such production has begun or resumed.

23 (4) The Secretary may by rule require any person en-  
24 gaged in transporting a locatable mineral, concentrate, or  
25 product derived therefrom to carry on his or her person,

1 in his or her vehicle, or in his or her immediate control,  
2 documentation showing, at a minimum, the amount, ori-  
3 gin, and intended destination of the locatable mineral, con-  
4 centrate, or product derived therefrom in such cir-  
5 cumstances as the Secretary determines is appropriate.

6 (c) RECORDKEEPING AND REPORTING REQUIRE-  
7 MENTS.—(1) A claim holder, operator, or other person di-  
8 rectly involved in developing, producing, processing, trans-  
9 porting, purchasing, or selling locatable minerals, con-  
10 centrates, or products derived therefrom, subject to this  
11 Act, through the point of royalty computation shall estab-  
12 lish and maintain any records, make any reports, and pro-  
13 vide any information that the Secretary may reasonably  
14 require for the purposes of implementing this section or  
15 determining compliance with rules or orders under this  
16 section. Such records shall include, but not be limited to,  
17 periodic reports, records, documents, and other data. Such  
18 reports may also include, but not be limited to, pertinent  
19 technical and financial data relating to the quantity, qual-  
20 ity, composition volume, weight, and assay of all minerals  
21 extracted from the mining claim. Upon the request of any  
22 officer or employee duly designated by the Secretary or  
23 any State conducting an audit or investigation pursuant  
24 to this section, the appropriate records, reports, or infor-  
25 mation which may be required by this section shall be

1 made available for inspection and duplication by such offi-  
2 cer or employee or State.

3 (2) Records required by the Secretary under this sec-  
4 tion shall be maintained for 6 years after cessation of all  
5 mining activity at the claim concerned unless the Sec-  
6 retary notifies the operator that he or she has initiated  
7 an audit or investigation involving such records and that  
8 such records must be maintained for a longer period. In  
9 any case when an audit or investigation is underway,  
10 records shall be maintained until the Secretary releases  
11 the operator of the obligation to maintain such records.

12 (d) AUDITS.—The Secretary is authorized to conduct  
13 such audits of all claim holders, operators, transporters,  
14 purchasers, processors, or other persons directly or indi-  
15 rectly involved in the production or sales of minerals cov-  
16 ered by this Act, as the Secretary deems necessary for the  
17 purposes of ensuring compliance with the requirements of  
18 this section. For purposes of performing such audits, the  
19 Secretary shall, at reasonable times and upon request,  
20 have access to, and may copy, all books, papers and other  
21 documents that relate to compliance with any provision  
22 of this section by any person.

23 (e) COOPERATIVE AGREEMENTS.—(1) The Secretary  
24 is authorized to enter into cooperative agreements with the  
25 Secretary of Agriculture to share information concerning



1 the royalty management of locatable minerals, con-  
2 centrates, or products derived therefrom, to carry out in-  
3 spection, auditing, investigation, or enforcement (not in-  
4 cluding the collection of royalties, civil or criminal pen-  
5 alties, or other payments) activities under this section in  
6 cooperation with the Secretary, and to carry out any other  
7 activity described in this section.

8       (2) Except as provided in paragraph (4)(A) of this  
9 subsection (relating to trade secrets), and pursuant to a  
10 cooperative agreement, the Secretary of Agriculture shall,  
11 upon request, have access to all royalty accounting infor-  
12 mation in the possession of the Secretary respecting the  
13 production, removal, or sale of locatable minerals, con-  
14 centrates, or products derived therefrom from claims on  
15 lands open to location under the general mining laws.

16       (3) Trade secrets, proprietary, and other confidential  
17 information shall be made available by the Secretary pur-  
18 suant to a cooperative agreement under this subsection to  
19 the Secretary of Agriculture upon request only if—

20           (A) the Secretary of Agriculture consents in  
21 writing to restrict the dissemination of the informa-  
22 tion to those who are directly involved in an audit  
23 or investigation under this section and who have a  
24 need to know;

1           (B) the Secretary of Agriculture accepts liabil-  
2           ity for wrongful disclosure; and

3           (C) the Secretary of Agriculture demonstrates  
4           that such information is essential to the conduct of  
5           an audit or investigation under this subsection.

6           (f) INTEREST AND SUBSTANTIAL UNDERREPORTING  
7 ASSESSMENTS.—(1) In the case of mining claims where  
8 royalty payments are not received by the Secretary on the  
9 date that such payments are due, the Secretary shall  
10 charge interest on such underpayments at the same inter-  
11 est rate as is applicable under section 6621(a)(2) of the  
12 Internal Revenue Code of 1986. In the case of an under-  
13 payment, interest shall be computed and charged only on  
14 the amount of the deficiency and not on the total amount.

15           (2) If there is any underreporting of royalty owed on  
16 production from a claim for any production month by any  
17 person liable for royalty payments under this section, the  
18 Secretary may assess a penalty of 10 percent of the  
19 amount of that underreporting.

20           (3) If there is a substantial underreporting of royalty  
21 owed on production from a claim for any production  
22 month by any person responsible for paying the royalty,  
23 the Secretary may assess a penalty of 10 percent of the  
24 amount of that underreporting.

1           (4) The Secretary shall not impose the assessment  
2 provided in paragraph (2) or (3) of this subsection if the  
3 person liable for royalty payments under this section cor-  
4 rects the underreporting before the date such person re-  
5 ceives notice from the Secretary that an underreporting  
6 may have occurred, or before 90 days after the date of  
7 the enactment of this section, whichever is later.

8           (5) The Secretary shall waive any portion of an as-  
9 sessment under paragraph (2) or (3) of this subsection  
10 attributable to that portion of the underreporting for  
11 which the person responsible for paying the royalty dem-  
12 onstrates that—

13           (A) such person had written authorization from  
14 the Secretary to report royalty on the value of the  
15 production on basis on which it was reported;

16           (B) such person had substantial authority for  
17 reporting royalty on the value of the production on  
18 the basis on which it was reported;

19           (C) such person previously had notified the Sec-  
20 retary, in such manner as the Secretary may by rule  
21 prescribe, of relevant reasons or facts affecting the  
22 royalty treatment of specific production which led to  
23 the underreporting; or

24           (D) such person meets any other exception  
25 which the Secretary may, by rule, establish.

1           (6) All penalties collected under this subsection shall  
2 be deposited in the Treasury.

3           (g) EXPANDED ROYALTY OBLIGATIONS.—Each per-  
4 son liable for royalty payments under this section shall  
5 be jointly and severally liable for royalty on all locatable  
6 minerals, concentrates, or products derived therefrom lost  
7 or wasted from a mining claim located or converted under  
8 this section when such loss or waste is due to negligence  
9 on the part of any person or due to the failure to comply  
10 with any rule, regulation, or order issued under this sec-  
11 tion.

12           (h) EXCEPTION.—No royalty shall be payable under  
13 subsection (a) with respect to minerals processed at a fa-  
14 cility by the same person or entity which extracted the  
15 minerals if an urban development action grant has been  
16 made under section 119 of the Housing and Community  
17 Development Act of 1974 with respect to any portion of  
18 such facility.

19           (i) EFFECTIVE DATE.—The royalty under this sec-  
20 tion shall take effect with respect to the production of  
21 locatable minerals after the enactment of this Act, but any  
22 royalty payments attributable to production during the  
23 first 12 calendar months after the enactment of this sec-  
24 tion shall be payable at the expiration of such 12-month  
25 period.

1 **SEC. 313. LIMITATION ON PATENT ISSUANCE.**

2 (a) MINING CLAIMS.—After \_\_\_\_\_, 2001, no pat-  
3 ent shall be issued by the United States for any mining  
4 claim located under the general mining laws or under this  
5 Act unless the Secretary determines that, for the claim  
6 concerned—

7 (1) a patent application was filed with the Sec-  
8 retary on or before \_\_\_\_\_, 2001; and

9 (2) all requirements established under sections  
10 2325 and 2326 of the Revised Statutes (30 U.S.C.  
11 29 and 30) for vein or lode claims and sections  
12 2329, 2330, 2331, and 2333 of the Revised Statutes  
13 (30 U.S.C. 35, 36, and 37) for placer claims were  
14 fully complied with by that date.

15 If the Secretary makes the determinations referred to in  
16 paragraphs (1) and (2) for any mining claim, the holder  
17 of the claim shall be entitled to the issuance of a patent  
18 in the same manner and degree to which such claim holder  
19 would have been entitled to prior to the enactment of this  
20 Act, unless and until such determinations are withdrawn  
21 or invalidated by the Secretary or by a court of the United  
22 States.

23 (b) MILL SITES.—After \_\_\_\_\_, 2001, no patent  
24 shall be issued by the United States for any mill site claim  
25 located under the general mining laws unless the Secretary  
26 determines that for the mill site concerned—

1           (1) a patent application for such land was filed  
2           with the Secretary on or before \_\_\_\_\_, 2001;  
3           and

4           (2) all requirements applicable to such patent  
5           application were fully complied with by that date.

6 If the Secretary makes the determinations referred to in  
7 paragraphs (1) and (2) for any mill site claim, the holder  
8 of the claim shall be entitled to the issuance of a patent  
9 in the same manner and degree to which such claim holder  
10 would have been entitled to prior to the enactment of this  
11 section, unless and until such determinations are with-  
12 drawn or invalidated by the Secretary or by a court of  
13 the United States.

14 **SEC. 314. MINING CLAIM MAINTENANCE REQUIREMENTS.**

15           (a) IN GENERAL.—(1) The holder of each mining  
16 claim converted under the general mining laws shall pay  
17 to the Secretary an annual claim maintenance fee of \$100  
18 per claim.

19           (2) The holder of each mining claim located pursuant  
20 to the general mining laws shall pay to the Secretary an  
21 annual claim maintenance fee of \$200 per claim.

22           (b) TIME OF PAYMENT.—The claim maintenance fee  
23 payable pursuant to subsection (a) for any year shall be  
24 paid on or before August 31 of each year, except that in  
25 the case of claims referred to in subsection (a)(2), for the

1 initial calendar year in which the location is made, the  
2 locator shall pay the initial claim maintenance fee at the  
3 time the location notice is recorded with the Bureau of  
4 Land Management.

5 (c) OIL SHALE CLAIMS SUBJECT TO CLAIM MAINTENANCE FEES UNDER ENERGY POLICY ACT OF 1992.—  
6 This section shall not apply to any oil shale claims for  
7 which a fee is required to be paid under section 2511(e)(2)  
8 of the Energy Policy Act of 1992 (Public Law 102–486;  
9 106 Stat. 3111; 30 U.S.C. 242).

11 (d) CLAIM MAINTENANCE FEES PAYABLE UNDER  
12 1993 ACT.—The claim maintenance fees payable under  
13 this section for any period with respect to any claim shall  
14 be reduced by the amount of the claim maintenance fees  
15 paid under section 10101 of the Omnibus Budget Rec-  
16 onciliation Act of 1993 with respect to that claim and with  
17 respect to the same period.

18 (e) WAIVER.—(1) The claim maintenance fee re-  
19 quired under this section may be waived for a claim holder  
20 who certifies in writing to the Secretary that on the date  
21 the payment was due, the claim holder and all related par-  
22 ties held not more than 10 mining claims on lands open  
23 to location. Such certification shall be made on or before  
24 the date on which payment is due.

1           (2) For purposes of paragraph (1), with respect to  
2 any claim holder, the term “related party” means each  
3 of the following:

4           (A) The spouse and dependent children (as de-  
5 fined in section 152 of the Internal Revenue Code of  
6 1986), of the claim holder.

7           (B) Any affiliate of the claim holder.

8           (f) CO-OWNERSHIP.—Upon the failure of any one or  
9 more of several co-owners to contribute such co-owner or  
10 owners’ portion of the fee under this section, any co-owner  
11 who has paid such fee may, after the payment due date,  
12 give the delinquent co-owner or owners notice of such fail-  
13 ure in writing (or by publication in the newspaper nearest  
14 the claim for at least once a week for at least 90 days).  
15 If at the expiration of 90 days after such notice in writing  
16 or by publication, any delinquent co-owner fails or refuses  
17 to contribute his portion, his interest in the claim shall  
18 become the property of the co-owners who have paid the  
19 required fee.

20           (g) CREDIT AGAINST ROYALTY.—The amount of the  
21 annual claim maintenance fee required to be paid under  
22 this section for any claim for any period shall be credited  
23 against the amount of royalty required to be paid under  
24 section 312 for the same period with respect to that claim.



1           (h) PURCHASING POWER ADJUSTMENT.—The Sec-  
2 retary shall adjust all dollar amounts established in this  
3 section for changes in the purchasing power of the dollar  
4 every 10 years following the date of enactment of this sec-  
5 tion, employing the Consumer Price Index for all urban  
6 consumers published by the Department of Labor as the  
7 basis for adjustment, and rounding according to the ad-  
8 justment process of conditions of the Federal Civil Pen-  
9 alties Inflation Adjustment Act of 1990 (104 Stat. 890).

10 **SEC. 315. SAVINGS CLAUSE.**

11           Nothing in sections 312, 313, or 314 shall be con-  
12 strued as repealing or modifying any Federal law, regula-  
13 tion, order, or land use plan, in effect prior to the effective  
14 date of such section, that prohibits or restricts the applica-  
15 tion of the general mining laws, including such laws that  
16 provide for special management criteria for operations  
17 under the general mining laws as in effect prior to the  
18 effective date of such section, to the extent such laws pro-  
19 vide environmental protection greater than required under  
20 the general mining laws.

1 **TITLE IV—AMENDMENTS OF IN-**  
2 **TERNAL REVENUE CODE OF**  
3 **1986**

4 **SEC. 401. REPEAL OF EXCLUSION OF CERTAIN**  
5 **EXTRATERRITORIAL INCOME.**

6 (a) IN GENERAL.—Section 114 of the Internal Rev-  
7 enue Code of 1986 (relating to extraterritorial income) is  
8 amended by adding at the end the following new sub-  
9 section:

10 “(f) TERMINATION.—This section shall not apply to  
11 transactions after December 31, 2001.”

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to transactions after December 31,  
14 2001.

15 **SEC. 402. DENIAL OF DEDUCTION FOR PAYMENTS OF EX-**  
16 **CESSIVE COMPENSATION.**

17 (a) IN GENERAL.—Section 162 of the Internal Rev-  
18 enue Code of 1986 (relating to deduction for trade or busi-  
19 ness expenses) is amended by inserting after subsection  
20 (h) the following new subsection:

21 “(i) EXCESSIVE COMPENSATION.—

22 “(1) IN GENERAL.—No deduction shall be al-  
23 lowed under this chapter for any excessive com-  
24 pensation with respect to any full-time employee.

1           “(2) EXCESSIVE COMPENSATION.—For pur-  
2           poses of this subsection, the term ‘excessive com-  
3           pensation’ means, with respect to any employee, the  
4           amount by which—

5                   “(A) the compensation for services per-  
6                   formed by such employee during the taxable  
7                   year, exceeds

8                   “(B) an amount equal to 25 times the low-  
9                   est compensation for services performed by any  
10                  other full-time employee during such taxable  
11                  year.

12           “(3) DEFINITIONS AND SPECIAL RULES.—For  
13           purposes of this subsection—

14                   “(A) COMPENSATION.—

15                           “(i) IN GENERAL.—The term ‘com-  
16                           pensation’ means salary, wages, and bo-  
17                           nuses.

18                           “(ii) PART-YEAR EMPLOYEES.—In the  
19                           case of any part-year employee, the com-  
20                           pensation of the employee shall be com-  
21                           puted on an annualized basis.

22                   “(B) EMPLOYER.—All persons treated as a  
23                   single employer under subsection (a) or (b) of  
24                   section 52 or subsection (m) or (o) of section  
25                   414 shall be treated as 1 employer.”

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to taxable years beginning after  
 3 the date of the enactment of this Act.

4 **SEC. 403. DISALLOWANCE OF DEDUCTIONS FOR ADVER-**  
 5 **TISING AND PROMOTIONAL EXPENSES RE-**  
 6 **LATING TO TOBACCO PRODUCT USE.**

7 (a) IN GENERAL.—Part IX of subchapter B of chap-  
 8 ter 1 of subtitle A of the Internal Revenue Code of 1986  
 9 (relating to items not deductible) is amended by adding  
 10 at the end the following new section:

11 **“SEC. 280I. DISALLOWANCE OF DEDUCTION FOR TOBACCO**  
 12 **ADVERTISING AND PROMOTIONAL EX-**  
 13 **PENSES.**

14 “No deduction shall be allowed under this chapter for  
 15 expenses relating to advertising or promoting cigars, ciga-  
 16 rettes, smokeless tobacco, pipe tobacco, or any similar to-  
 17 bacco product. For purposes of this section, any term used  
 18 in this section which is also used in section 5702 shall  
 19 have the same meaning given such term by section 5702.”

20 (b) CONFORMING AMENDMENT.—The table of sec-  
 21 tions for such part IX is amended by adding after the  
 22 item relating to section 280H the following new item:

“Sec. 280I. Disallowance of deduction for tobacco advertising  
 and promotion expenses.”

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years ending after De-  
3 cember 31, 2001.

4 **SEC. 404. SOURCE OF INCOME FROM CERTAIN SALES OF IN-**  
5 **VENTORY PROPERTY.**

6 (a) GENERAL RULE.—Subsection (b) of section 865  
7 of the Internal Revenue Code of 1986 (relating to excep-  
8 tion for inventory property) is amended to read as follows:

9 “(b) EXCEPTION FOR INVENTORY PROPERTY.—

10 “(1) IN GENERAL.—Except as otherwise pro-  
11 vided in this subsection, income derived from the  
12 sale of inventory property shall be sourced under the  
13 rules of sections 861(a)(6), 862(a)(6), and 863 and  
14 this section shall not apply.

15 “(2) TREATMENT OF CERTAIN SALES TO RE-  
16 LATED PERSONS.—

17 “(A) IN GENERAL.—If any inventory prop-  
18 erty produced (in whole or in part) by the tax-  
19 payer is sold by the taxpayer (directly or indi-  
20 rectly) to a related person—

21 “(i) the portion determined under  
22 subparagraph (B) of the income from such  
23 sale shall be sourced in the United States  
24 or outside the United States depending on  
25 where the production activities occur, and

1           “(ii) the remaining portion of such in-  
2           come shall be sourced under the rules of  
3           sections 861(a)(6), 862(a)(6), and 863.

4           “(B) AMOUNT APPORTIONED TO PRODUC-  
5           TION ACTIVITIES.—For purposes of subpara-  
6           graph (A), the portion determined under this  
7           subparagraph is so much of the income from  
8           the sale as does not exceed the greater of—

9                   “(i) the portion of such income appor-  
10                  tioned to production activities under sec-  
11                  tion 863(b), or

12                   “(ii) the portion of the combined in-  
13                  come of the taxpayer and related person  
14                  attributable to such property which would  
15                  have been apportioned to production activi-  
16                  ties under section 863(b) if such taxpayer  
17                  and related person were one taxpayer.

18           “(C) RELATED PERSON.—For purposes of  
19           this paragraph, the term ‘related person’ means  
20           any person related (within the meaning of sec-  
21           tion 482) to the taxpayer.

22           “(3) CERTAIN SALES FOR USE IN UNITED  
23           STATES.—If—

24                   “(A) a United States resident sells (di-  
25                  rectly or indirectly) inventory property to an-

1 other United States resident for use, consump-  
2 tion, or disposition in the United States, and

3 “(B) such sale is not attributable to an of-  
4 fice or other fixed place of business maintained  
5 by such United States resident outside the  
6 United States,

7 any income of such United States resident (or any  
8 related person) from such sale shall be sourced in  
9 the United States.”

10 (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall apply to sales after December 31,  
12 2001.

13 **TITLE V—MISCELLANEOUS PRO-**  
14 **VISIONS TO REDUCE WASTE-**  
15 **FUL AND INEFFICIENT**  
16 **SPENDING**

17 **SEC. 501. INTERNATIONAL SPACE STATION.**

18 The National Aeronautics and Space Administration  
19 shall not obligate any further funding for the International  
20 Space Station.

21 **SEC. 502. OVERSEAS PRIVATE INVESTMENT CORPORATION.**

22 (a) PROHIBITION ON NEW CONTRACTS.—The Over-  
23 seas Private Investment Corporation may not, on or after  
24 the date of enactment of this Act, issue any contract of

1 insurance or reinsurance, or any guaranty, or enter into  
2 any agreement to provide financing.

3 (b) EXISTING CONTRACTS.—Subsection (a) does not  
4 require the termination of any contract or other agreement  
5 entered into before the date of enactment of this Act.

6 **SEC. 503. PROHIBITION ON PROVISION OF NEW CREDIT BY**  
7 **THE EXPORT-IMPORT BANK OF THE UNITED**  
8 **STATES.**

9 Notwithstanding any other provision of law, the Ex-  
10 port-Import Bank of the United States may not, on or  
11 after the date of the enactment of this Act, provide any  
12 guarantee, insurance, or extension of credit, or participate  
13 in any extension of credit, except pursuant to a commit-  
14 ment made by the Export-Import Bank of the United  
15 States before such date of enactment.

16 **SEC. 504. TRADE AND DEVELOPMENT AGENCY.**

17 (a) TERMINATION OF AGENCY.—Effective on the  
18 date of enactment of this Act, the Trade and Development  
19 Agency is abolished.

20 (b) ADMINISTRATION OF EXISTING OBLIGATIONS.—  
21 The Secretary of State shall carry out the functions per-  
22 formed on the day before the date of enactment of this  
23 Act by the Trade and Development Agency only for pur-  
24 poses of administering contracts or agreements issued or  
25 entered into by the Trade and Development Agency before



1 the date of enactment of this Act that are effective on  
2 such date of enactment. Such functions shall terminate  
3 when all such contracts and agreements expire.

4 (c) TERMINATION OF PROVISIONS.—Section 661 of  
5 the Foreign Assistance Act of 1961 (22 U.S.C. 2191 and  
6 following) is repealed, effective on the date of enactment  
7 of this Act, except that such section shall continue in ef-  
8 fect with respect to the functions performed by the Sec-  
9 retary of State under subsection (b).

10 (d) TERMINATION OF AFFAIRS.—The Director of the  
11 Office of Management and Budget shall take the nec-  
12 essary steps to terminate the affairs of the Trade and De-  
13 velopment Agency.

14 (e) APPROPRIATIONS.—Funds available to the Trade  
15 and Development Agency shall, on the date of enactment  
16 of this Act, be transferred to the Secretary of State for  
17 use in performing the functions of the Trade and Develop-  
18 ment Agency under subsection (b). Upon the expiration  
19 of the contracts and agreements with respect to which the  
20 Secretary of State is exercising such functions, any unex-  
21 pended balances of the funds transferred under this sub-  
22 section shall be deposited in the Treasury as miscellaneous  
23 receipts.

1 **SEC. 505. TERMINATION OF INTERNATIONAL BROAD-**  
2 **CASTING AUTHORITIES.**

3 (a) **TERMINATION OF BROADCASTING TO CUBA.**—Ef-  
4 fective October 1, 2001, the Television Broadcasting to  
5 Cuba Act (22 U.S.C. 1465aa and following) and the Radio  
6 Broadcasting to Cuba Act (22 U.S.C. 1465 and following)  
7 are repealed.

8 (b) **TERMINATION OF INTERNATIONAL BROAD-**  
9 **CASTING OPERATIONS.**—Effective October 1, 2001, the  
10 United States International Broadcasting Act of 1994 (22  
11 U.S.C. 6201 and following) is repealed.

12 **SEC. 506. JOINT PROCUREMENT OF PHARMACEUTICALS BY**  
13 **THE DEPARTMENT OF DEFENSE AND THE DE-**  
14 **PARTMENT OF VETERANS AFFAIRS.**

15 The Secretary of Defense and the Secretary of Vet-  
16 erans Affairs shall—

17 (1) establish a joint office for the procurement  
18 of pharmaceuticals for the Department of Defense  
19 and the Department of Veterans Affairs; and

20 (2) jointly develop and implement a common  
21 clinically-based formulary for the pharmaceutical  
22 programs of the Department of Defense and the De-  
23 partment of Veterans Affairs.

○