#### 107TH CONGRESS 1ST SESSION

# S. 910

To provide certain safeguards with respect to the domestic steel industry.

## IN THE SENATE OF THE UNITED STATES

May 17, 2001

Mr. Rockefeller (for himself, Mr. Dayton, and Mr. Wellstone) introduced the following bill; which was read twice and referred to the Committee on Finance

# A BILL

To provide certain safeguards with respect to the domestic steel industry.

- 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.
- 4 This Act may be cited as the "Save the American
- 5 Steel Industry Act of 2001".
- 6 SEC. 2. TABLE OF CONTENTS.
- 7 The table of contents of this Act is as follows:
  - Sec. 1. Short title.
  - Sec. 2. Table of contents.

#### TITLE I—LEGACY COST SHARING

- Sec. 101. Steelworker Retiree Health Care Board.
- Sec. 102. Steelworker Retiree Health Care Trust Fund.

Sec. 103. Health Care Benefit Costs Assistance Program.

Sec. 104. Excise tax on steel.

#### TITLE II—INCENTIVES FOR CONSOLIDATION

Sec. 201. Grant program for merged companies.

# 1 TITLE I—LEGACY COST SHARING

2	SEC. 101. STEELWORKER RETIREE HEALTH CARE BOARD.
3	(a) Establishment.—There is established in the
4	Department of Labor a Steelworker Retiree Health Care
5	Board.
6	(b) Composition.—The Board shall be composed of
7	5 members appointed by the Secretary of Labor, of
8	whom—
9	(1) one shall be designated by the Secretary as
10	Chairman;
11	(2) one shall be appointed after taking into con-
12	sideration the recommendations made by the Speak-
13	er of the House of Representatives and the majority
14	leader of the Senate;
15	(3) one shall be appointed after taking into con-
16	sideration the recommendations made by the minor-
17	ity leader of the House of Representatives and the
18	minority leader of the Senate;
19	(4) one shall represent the interests of steel and
20	iron ore workers; and
21	(5) one shall represent the interests of the steel
22	and iron ore industry.

1	(c) Membership Requirements.—Members of the
2	Board shall have substantial experience, training, and ex-
3	pertise in matters relating to retiree health benefits.
4	(d) Length of Appointments.—
5	(1) Terms.—A member of the Board shall be
6	appointed for a term of 2 years.
7	(2) Vacancies.—
8	(A) In general.—A vacancy on the
9	Board shall be filled in the manner in which the
10	original appointment was made and shall be
11	subject to any conditions that applied with re-
12	spect to the original appointment.
13	(B) Completion of Term.—An indi-
14	vidual chosen to fill a vacancy shall be ap-
15	pointed for the unexpired term of the member
16	replaced.
17	(3) Expiration.—The term of any member
18	shall not expire before the date on which the mem-
19	ber's successor takes office.
20	(e) Duties.—The Board shall—
21	(1) administer the Health Care Benefit Costs
22	Assistance Program established under section 103;
23	(2) establish policies for the investment and
24	management of the Steelworker Retiree Health Care
25	Trust Fund established under section 102 that shall

1	provide for prudent investments and low administra-
2	tive costs; and
3	(3) review and approve the budget of the
4	Board.
5	(f) Administrative Provisions.—
6	(1) In General.—The Board may—
7	(A) adopt, alter, and use a seal; and
8	(B) take such other actions as may be nec-
9	essary to carry out the functions of the Board.
10	(2) Meetings.—The Board shall meet—
11	(A) at least semiannually; and
12	(B) at additional times at the call of the
13	Chairman.
14	(3) Exercise of Powers.—
15	(A) IN GENERAL.—The Board shall per-
16	form the functions and exercise the powers of
17	the Board on a majority vote of a quorum of
18	the Board. Three members of the Board shall
19	constitute a quorum for the transaction of busi-
20	ness.
21	(B) Vacancies.—A vacancy on the Board
22	shall not impair the authority of a quorum of
23	the Board to perform the functions and exercise
24	the powers of the Board.
25	(9) Compensation.—

- 1 (1) IN GENERAL.—Each member of the Board
  2 who is not an officer or employee of the Federal
  3 Government shall be compensated at the daily rate
  4 of basic pay for level V of the Executive Schedule for
  5 each day during which such member is engaged in
  6 performing a function of the Board.
  - (2) EXPENSES.—A member of the Board shall be paid travel, per diem, and other necessary expenses under subchapter I of chapter 57 of title 5, United States Code, while traveling away from such member's home or regular place of business in the performance of the duties of the Board.
- 13 (3) SOURCE OF FUNDS.—Payments authorized 14 under this subsection shall be paid from the Steel-15 worker Retiree Health Care Trust Fund.
- 16 SEC. 102. STEELWORKER RETIREE HEALTH CARE TRUST
  17 FUND.
- 18 (a) Creation of Trust Fund.—There is estab-
- 19 lished in the Treasury of the United States a trust fund
- 20 to be known as the "Steelworker Retiree Health Care
- 21 Trust Fund", consisting of such amounts as may be ap-
- 22 propriated or credited to the Steelworker Retiree Health
- 23 Care Trust Fund as provided in this section.
- (b) Transfer of Designated Amounts to Trust
- 25 Fund.—There is hereby appropriated to the Steelworker

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- 1 Retiree Health Care Trust Fund amounts equivalent to
- 2 the taxes received in the Treasury under section 4191 of
- 3 the Internal Revenue Code of 1986 (relating to excise tax
- 4 on steel).
- 5 (c) Expenditures From Trust Fund.—
- 6 (1) Health care benefit cost payments.—
- 7 The Secretary of the Treasury shall make payments
- 8 from the Trust Fund in accordance with section
- 9 103.
- 10 (2) Administrative expenses.—Amounts in
- the Trust Fund shall be available to pay the admin-
- istrative expenses of the Secretary of the Treasury
- directly attributable to carrying out this section and
- section 103 with respect to such Trust Fund.
- 15 SEC. 103. HEALTH CARE BENEFIT COSTS ASSISTANCE PRO-
- 16 GRAM.
- 17 (a) Establishment of Program.—The Steel-
- 18 worker Retiree Health Care Board shall establish by regu-
- 19 lation a Health Care Benefit Costs Assistance Program
- 20 under which the Board shall provide for payments under
- 21 this section from the balance in the Steelworker Retiree
- 22 Health Care Trust Fund to designated steelworker group
- 23 health plans to assist in the funding of qualified retiree
- 24 health benefits under such plans.
- 25 (b) Definitions.—For purposes of this section—

1	(1) Designated steelworker group
2	HEALTH PLAN.—
3	(A) IN GENERAL.—The term "designated
4	steelworker group health plan" means a group
5	health plan—
6	(i) under which participants and bene-
7	ficiaries include retired steelworker partici-
8	pants or their beneficiaries, and
9	(ii) that is in effect on the date of the
10	enactment of this Act or meets the require-
11	ments of subparagraph (B).
12	(B) Plans maintained in connection
13	WITH SUBSEQUENT ACQUISITIONS.—A group
14	health plan meets the requirements of this sub-
15	paragraph if—
16	(i) such plan is in effect as of the date
17	of an affirmative determination under sec-
18	tion 201(b)(1) with respect to an acquisi-
19	tion, and
20	(ii) a person who was engaged in, or
21	resulted from, such acquisition is obligated,
22	under the terms of the plan as in effect
23	immediately after such determination, to
24	make contributions to the plan.

1	(C) Successor Plans.—Any group health
2	plan described in clause (i) of subparagraph (A)
3	that is a successor to a terminated designated
4	steelworker group health plan (as defined in
5	subparagraph (A)) shall be treated as such des-
6	ignated steelworker group health plan to the ex-
7	tent that it provides benefits to individuals who
8	were eligible steelworker participants or their
9	beneficiaries under the terminated plan, if—
10	(i) such benefits are at least equiva-
11	lent to the benefits provided by the termi-
12	nated plan immediately before its termi-
13	nation, or
14	(ii) in any case in which the benefits
15	under the plan do not meet the require-
16	ments of clause (i), any deviation from
17	such requirements was adopted by agree-
18	ment with an authorized representative of
19	the individuals who were eligible steel-
20	worker participants or their beneficiaries
21	under the terminated plan.
22	(2) Qualified retiree health benefit.—
23	The term "qualified retiree health benefit" means

medical care which is provided under a designated

steelworker group health plan—

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1	(A) to an eligible steelworker participant
2	who retired under such plan prior to the date
3	of the enactment of this Act (or to an eligible
4	beneficiary of such a participant), or
5	(B) in the case of a plan described in para-
6	graph (1)(B), to an eligible steelworker partici-
7	pant who retires under such plan during the
8	180-day period beginning with the applicable ef-
9	fective date (or to an eligible beneficiary of such
10	a participant).
11	(3) Steelworker participant.—
12	(A) IN GENERAL.—The term "steelworker
13	participant" means a participant who was,
14	while employed as a participant in the plan, ac-
15	tively engaged in the production of any steel
16	product specified in subparagraph (B).
17	(B) Applicability.—The categories of
18	steel products specified in this subparagraph
19	are as follows: semifinished steel, stainless steel,
20	plates, sheets and strips, rods, wire and wire
21	products, rail type products, bars, structural
22	shapes and units, pipes and tubes, iron ore, pig

(4) APPLICABLE EFFECTIVE DATE.—The term

iron, and coke and coke products.

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- actment of this Act, except that, in the case of a plan meeting the requirements of paragraph (1)(B), such term means the date of the affirmative decision of the Secretary of Commerce referred to in paragraph (1)(B).
- 6 (5) ELIGIBILITY.—A steelworker participant 7 under a designated steelworker group health plan 8 (or such participant's beneficiary) for any plan year 9 is "eligible" for such plan year if such participant or 10 beneficiary was a participant or beneficiary under 11 such plan as of the applicable effective date and has 12 remained a participant or beneficiary under such 13 plan without an intervening break in coverage. For 14 purposes of this paragraph, a suspension of benefits 15 by reason of a case under chapter 11 of title 11, 16 United States Code, or under any similar Federal 17 law or law of a State or political subdivision of a 18 State shall not be treated as a break in coverage.
  - (6) OTHER DEFINITIONS.—Terms used in this section which are defined in sections 3 and 733(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002 and 1191b(a)) shall have the meanings provided such terms in such sections.
- 24 (c) APPLICATIONS.—During the 180-day period fol-25 lowing the applicable effective date, a plan sponsor of a

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- 1 designated steelworker group health plan providing quali-
- 2 fied retiree health care benefits may apply to the Board
- 3 for contributions to the plan under the Health Care Ben-
- 4 efit Costs Assistance Program as reimbursement for ben-
- 5 efit costs as provided under this section. Such applications
- 6 shall be accepted by the Board only if they are filed in
- 7 such form and manner as shall be prescribed in regula-
- 8 tions of the Board.

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## (d) Payment of Contributions.—

(1) In General.—Upon receipt of an application with respect to a designated steelworker group health plan filed with the Board in accordance with subsection (c), the Board shall pay contributions to the plan from the Trust Fund for each calendar year beginning after the 180-day period described in subsection (c). Such contributions shall be allocated to plan years which do not coincide with calendar years as provided in regulations of the Board.

# (2) Amount of contributions.—

(A) IN GENERAL.—Subject to subparagraph (F), total contributions paid to a plan under this section for any calendar year shall be equal to 75 percent of the qualified expenditures of the plan made during such calendar year.

1	(B) Qualified expenditures.—For pur-
2	poses of subparagraph (A), the term "qualified
3	expenditures" of a plan for any calendar year
4	means the costs of items and services consti-
5	tuting qualified retiree health benefits paid by
6	the plan during such calendar year, employing
7	the cost levels for such items and services that
8	prevailed as of the applicable effective date.
9	(C) ACCOUNTING FOR QUALIFIED EXPEND-
10	ITURES.—The Board shall provide by regula-
11	tion for the payment of contributions under this
12	section for any calendar year in periodic install-
13	ments, determined on the basis of information
14	currently received by the Board with respect to
15	the qualified expenditures of the plan and such
16	estimates as the Board considers appropriate.
17	Adjustments shall be made in the amount of
18	such installments to the extent necessary to
19	compensate for payments of prior installments
20	that were less than or greater than the correct
21	amount.
22	(D) EFFECT OF SUBSEQUENT PLAN
23	AMENDMENTS DISREGARDED.—

(i) In general.—Subject to clause

(ii), for purposes of determining qualified

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1	expenditures under this paragraph, any
2	amendment to the plan taking effect after
3	the applicable effective date shall be dis-
4	regarded to the extent that it increases
5	benefit costs or adds new benefits.
6	(ii) Reductions and restora-
7	TIONS.—Amendments to the plan taking
8	effect after the applicable effective date
9	shall be taken into account to the extent
10	that such amendments—
11	(I) reduce benefit costs or elimi-
12	nate existing benefits, or
13	(II) increase benefit costs or add
14	new benefits with the effect of restor-
15	ing levels of benefit costs to levels in
16	effect prior to any reduction described
17	in subclause (I), or restoring benefits
18	that were eliminated as described in
19	subclause (I).
20	(E) Increases in consumer price
21	INDEX TAKEN INTO ACCOUNT.—For purposes
22	of determining qualified expenditures under this
23	paragraph, increases since the applicable effec-
24	tive date in the costs of items and services con-

stituting qualified retiree health benefits under

a plan shall be allowed under this section to the extent that such increases do not exceed the annual rate of increase in the consumer price index for all urban consumers (U. S. city average) issued by the Bureau of Labor Statistics.

- (F) Adjustment to contributions in the Event of trust fund insufficiency.—
  If the Board determines during any calendar year that, as of any date during the following calendar year, the balance in the Trust Fund will be insufficient to meet all contributions otherwise required under this section to be made from the Trust Fund for such following calendar year—
  - (i) the Board shall immediately publish such determination in the Federal Register, and
  - (ii) the Board shall distribute the balance in the Trust Fund available for contributions payable during such following calendar year among all plans required to receive contributions for such following calendar year in direct proportion to the number of eligible participants and eligible

1	beneficiaries under the plans as of the be-
2	ginning of such following calendar year.
3	Such distribution to the plans shall be deemed
4	payment in full of contributions required to be
5	made to such plans under this section for such
6	calendar year. Determinations under this sec-
7	tion with respect to any calendar year shall be
8	made irrespective of any distribution from the
9	Trust Fund made pursuant to this subpara-
10	graph for the prior calendar year.
11	(e) Reduction of Required Contributions.—If
12	the Board determines during any calendar year that, as
13	of any date during the following calendar year, the balance
14	in the Trust Fund will be in excess of the amount nec-
15	essary to meet all contributions required under this section
16	to be made from the Trust Fund for such following cal-
17	endar year—

- 18 (1) the Board shall immediately publish such 19 determination in the Federal Register, and
- (2) the Board shall certify to the Secretary of
  the Treasury the amount of such excess.
- 22 SEC. 104. EXCISE TAX ON STEEL.
- 23 (a) IN GENERAL.—Chapter 32 of the Internal Rev-24 enue Code of 1986 (relating to manufacturers excise

- 16 taxes) is amended by inserting after subchapter D the following new subchapter: 3 "Subchapter E—Steel "Sec. 4191. Imposition of Tax. 4 "SEC. 4191. IMPOSITION OF TAX. 5 "(a) Imposition of Tax.—There is hereby imposed a tax on steel sold by the manufacturer, producer, or im-7 porter thereof. "(b) Determination of Tax.— 8 9 "(1) In general.—The amount of tax imposed 10 by subsection (a) shall be the applicable percentage 11 of the price at which the steel is sold. 12 "(2) APPLICABLE PERCENTAGE.—For purposes 13
  - "(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any taxable year shall be 2 percent reduced (but not below zero) by the excess contribution percentage.
  - "(3) Excess contribution percentage.—
    For purposes of paragraph (2), the excess contribution percentage for a calendar year is the number of percentage points which the Secretary determines will, as of the last day of such calendar year, reduce to zero the excess (if any) of the amount necessary to meet all contributions required under section 103 of the Save the American Steel Industry Act of 2001 to be made from the Steelworker Retiree Health

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- 1 Care Trust Fund for such calendar year. The Sec-
- 2 retary shall make such determination on the basis of
- 3 the certification made by the Steelworker Retiree
- 4 Health Care Board under section 103(e) of such
- 5 Act.
- 6 "(c) Liability for Tax.—The tax imposed by sub-
- 7 section (a) shall be paid by the manufacturer, producer,
- 8 or importer.
- 9 "(d) Definitions and Special Rules.—For pur-
- 10 poses of this subchapter—
- 11 "(1) Steel.—The term 'steel' means steel in
- any of the following categories of steel products:
- semifinished steel, stainless steel, plates, sheets and
- strips, rods, wire and wire products, rail type prod-
- 15 ucts, bars, structural shapes and units, pipes and
- tubes, iron ore, pig iron, and coke and coke prod-
- 17 ucts.
- 18 "(2) Importer.—The term 'importer' means
- the person entering the steel for consumption or use.
- 20 "(3) United states.—The term 'United
- 21 States' includes any foreign trade zone of the United
- 22 States.".
- 23 (b) Exemptions, Etc., Not To Apply.—

1	(1) Subsection (a) of section 4218 of such Code
2	is amended by inserting "and steel taxable under
3	section 4191," after "4121,".
4	(2) Subsection (a) of section 4221 of such Code
5	is amended by inserting "4191," after "4121,".
6	(3) The third sentence of section 6416(b)(2) of
7	such Code is amended by striking "or 4121" and in-
8	serting ", 4121, and 4191".
9	(c) Clerical Amendment.—The table of sub-
10	chapters for chapter 32 of such Code is amended by in-
11	serting after the item relating to subchapter D the fol-
12	lowing new item:
	"Subchapter E. Steel.".
13	(d) Effective Date.—The amendments made by
14	this section shall apply to sales occurring after 180 days
15	after the date of the enactment of this Act.
16	TITLE II—INCENTIVES FOR
17	CONSOLIDATION
18	SEC. 201. GRANT PROGRAM FOR MERGED COMPANIES.
19	(a) Eligible Persons.—Any person who acquires
20	another person that produces any of the steel products
21	specified in section 103(b)(3)(B) may, during the 1-year
22	period beginning on the effective date of the acquisition
23	apply to the Secretary of Commerce for a grant under this

24 section to defray the costs necessary—

1	(1) to bring the entity resulting from the acqui-
2	sition into compliance with requirements imposed by
3	laws to protect the environment; and
4	(2) to maintain such compliance.
5	(b) Determinations by the Secretary of Com-
6	MERCE.—
7	(1) Employment and production reten-
8	TION.—Upon receipt of an application under sub-
9	section (a), the Secretary of Commerce shall deter-

- mine whether or not the acquisition set out in the application will promote the retention of jobs and production capacity in the sector producing steel products specified in section 103(b)(3)(B). The Sec-
- retary may make an affirmative determination under the preceding sentence only if the Secretary determines that after the acquisition—
  - (A) the maximum number of workers of the acquiring person and the person acquired that are engaged in the production of steel products specified in section 103(b)(3)(B) on the day before the effective date of the acquisition will be retained, consistent with the long-term viability of the combined entity, except that such maximum number—

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1	(i) must be at least 80 percent of the
2	total number of such workers; and
3	(ii) must include at least 50 percent
4	of the number of such workers of the ac-
5	quired person; and
6	(B) at least 80 percent of the facilities of
7	the acquiring person and the person acquired
8	that are used for the production of those steel
9	products on the day before the acquisition is
10	completed will be retained.
11	(2) Environmental costs.—If the Secretary
12	of Commerce makes an affirmative determination
13	under paragraph (1), the Secretary shall provide a
14	grant to the applicant in an amount determined by
15	the Secretary to cover the costs incurred or to be in-
16	curred by the applicant—
17	(A) in complying with the requirements
18	imposed by laws to protect the environment;
19	and
20	(B) in maintaining such compliance.
21	(c) Authorization; Amount of Grants.—
22	(1) Authorization.—There is authorized to
23	be appropriated to carry out this section
24	\$500,000,000.

1 (2) AMOUNT OF GRANTS.—Not more than 2 \$200,000,000 may be provided to any applicant 3 under this section.

## (d) Penalties.—

- (1) Failure to achieve retention levels in First 5 years.—In any case in which a person receives a grant under this section and, at any time during the 5-year period after the grant is awarded, the number of workers, or the production capacity, described in paragraph (1) of subsection (b) with respect to that applicant falls below the 80 percent level described in subparagraph (A)(i) or (B) of that paragraph, the applicant shall forfeit to the Secretary the dollar amount of the grant, plus 20 percent of that amount.
- (2) Failure to achieve retention levels after first 5 years.—In any case in which a person receives a grant under this section and the number of workers, or the production capacity, described in paragraph (1) of subsection (b) with respect to that applicant falls below the 80 percent level described in subparagraph (A)(i) or (B) of that paragraph—
  - (A) during the 6th year after the grant is awarded, the applicant shall forfeit to the Sec-

1	retary 50 percent of the dollar amount of the
2	grant, plus 20 percent of that forfeited amount
3	(B) during the 7th year after the grant is
4	awarded, the applicant shall forfeit to the Sec-
5	retary 40 percent of the dollar amount of the
6	grant, plus 20 percent of that forfeited amount
7	(C) during the 8th year after the grant is
8	awarded, the applicant shall forfeit to the Sec-
9	retary 30 percent of the dollar amount of the
10	grant, plus 20 percent of that forfeited amount
11	(D) during the 9th year after the grant is
12	awarded, the applicant shall forfeit to the Sec-
13	retary 20 percent of the dollar amount of the
14	grant, plus 20 percent of that forfeited amount
15	and
16	(E) during the 10th year after the grant is
17	awarded, the applicant shall forfeit to the Sec-
18	retary 10 percent of the dollar amount of the
19	grant, plus 20 percent of that forfeited amount
20	(3) COURT ACTION.—In the event of the failure
21	of a person to forfeit any amount under paragraph
22	(1) or (2), the Secretary of Commerce may bring an
23	action in the appropriate district court against that

person to collect that amount.