twice by the Senate by wide margins in the course of considering previous bankruptcy bills, in both the 106th and 107th Congresses. As a result of my efforts in the past bankruptcy debates, the underlying bill that we are debating already contains a provision on the homestead amendment that gets at the worst abusers of this loophole, including felons. In fact, it will be the first Federal law ever on the homestead exemption.

The provision included in the bill, however, while obviously better than the current law's allowance of an unlimited homestead exemption, is still not a comprehensive solution to the current abuses of the law. It would allow those who establish their residence in an unlimited homestead state more than 3 years and 4 months before a bankruptcy filing to shelter an unlimited amount of money in their residences. All it would take for a greedy or unscrupulous individual to take advantage of this provision to defraud his or her creditors is some planning and foresight. And it does nothing to stop lifelong residents of these states from taking advantage of the unlimited homestead exemption to protect their assets from creditors.

A review of a few examples in recent years show how willing disreputable debtors are to engage in such planning to hide their assets. Let me give you just a few of the many examples:

John Porter, WorldCom's cofounder and former Chairman, bought a 10,000 square-foot ocean front estate in Palm Beach, Florida in 1998, a home featured on the cover of the November 2004 issue of Luxury Homes magazine, and now worth nearly $17 million. The IRS says he owes more than $25 million for back taxes, and he is the defendant in several multi-million dollar securities fraud lawsuits resulting from the failure of WorldCom. Porter filed for bankruptcy in May 2004. Florida's homestead exemption allows Porter to keep most of the value of the house.

The former Executive Vice President of Conseco has sought to avoid repaying $65 million in loans from Conseco by selling 90% of her and her husband's assets and buying a $10 million home on Sunset Island in Miami Beach, FL.

In 2001, Paul Bilzerian—a convicted felon—tried to wipe out $140 million in debts and all the while holding on to his 37,000 square foot Florida mansion worth over $5 million—with its 10 bedrooms, two libraries, double gourmet kitchen, racquetball court, indoor basketball court, movie theater, full weight and exercise rooms, and swimming pool.

The owner of a failed Ohio Savings and Loan, who was convicted of securities fraud, wrote off most of $300 million in debts, but still held on to the multi-million dollar ranch he bought in Florida.

Movie star Burt Reynolds wrote off over $8 million in debt through bankruptcy, but still held onto his $2.5 million Florida estate.

Sadly, those examples are just the tip of the iceberg. Several years ago, we asked the GAO to study this problem. At that time, they estimated that 400 homeowners in Florida and Texas—all with over $100,000 in home equity—profited from this unlimited exemption each year. And while they continued to live in luxury, they wrote off an estimated $120 million owed to honest creditors. This is not only wrong; it is unacceptable.

In stark contrast, in most States debtors may keep only a reasonable amount of the equity they have in their homes. For example, in my home State of Wisconsin, when a person declares bankruptcy, he or she may keep only $40,000 of the value of their home. This permits creditors access to any additional funds that could be used to repay outstanding loans, yet allows the debtor to preserve $40,000 which is more than enough for a fresh start. Most States reasonably cap their homestead exemptions at $40,000 or less.

The bankruptcy reform bill is intended to wipe out abuse by debtors who run up large bills and then use the bankruptcy laws as a method of financial planning. Our amendment does exactly that.

Unlike the compromise version currently in S. 256, this amendment completely closes this inexcusable loophole that allows too many debtors to keep their luxury homes, while their legitimate creditors—like kids owed child support, ex-spouses owed alimony, state governments, small businesses and banks—get left out in the cold.

While the unlimited homestead exemption may not be the most common abuse of the bankruptcy system, it is clearly the most egregious. If we really want to restore the stigma attached to bankruptcy, these high profile cases are the best place to start.

In both the 106th and 107th Congresses, an overwhelming number of our colleagues agreed with us and voted to cap the homestead exemption by wide margins. In the 106th Congress, this proposal was adopted in the Senate by a vote of 76–22. In the 107th Congress, a motion to table this proposal was defeated in the Senate by a vote of 60 to 39, and this amendment was then adopted by voice vote. The vote this year is exactly the same as the one in the 106th and 107th Congresses. If you were against rich debtors avoiding their creditors the last two times, then you should be against rich debtors avoiding their creditors this time.

The simple hard cap that we propose with this amendment is not only the best policy; it also sends the best message: bankruptcy is a tool of last resort, not financial planning. Even though I would prefer that this amendment include an exemption for family farmers, it does address the need to go after the worst abusers, no matter how wealthy.

In closing, we should remember that one of the central principles of the bankruptcy bill is that people who can pay part of their debts should be required to do so. But the call to reform rings hollow when the bill creates an elaborate, taxpayer funded system to squeeze an extra $100 a month out of middle class debtors and yet allows people like Burt Reynolds to declare bankruptcy, wipe out $8 million in debt, and still hold on to a $2.5 million Florida mansion. I urge my colleagues to support this amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FRIST. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. FRIST. Mr. President, I ask unanimous consent that all time be considered as expired under rule XXII with respect to the pending bill; I further ask consent that at 11 a.m. tomorrow the Senate proceed to a series of votes in relation to the following amendments; I further ask consent there be 2 minutes equally divided for debate prior to all votes in the series: Kennedy, No. 70; Kennedy, No. 69; Akaka, No. 105.

I further ask consent that on Thursday, at a time determined by the majority leader after consultation with the Democratic leader, the Senate proceed to votes in relation to the following amendments: Leahy 83; Durbin 112; Feingold 90; Feingold 92; Feingold 93; Feingold 95; Feingold 96; Schumer second-degree amendment numbered 129; Talent No. 121.

I further ask unanimous consent that amendments Nos. 87 and 91 be agreed to en bloc with the motion to reconsider laid upon the table; provided further that all other pending amendments—Nos. 45, 50, 52, 53, 72, 71, 88, 94, 97, 98, 99, 100, 101, and 119—be withdrawn and no further amendments be in order other than the possibility of a further Talent second degree which has been filed and a managers' amendment which has been cleared by both leaders.

I finally ask unanimous consent that following the disposition of the above amendments, the bill be read a third time and the Senate proceed to a vote on passage of the bill, with no further intervening action or debate.

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

MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak for up to 10 minutes each.

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

NOTICE OF PROPOSED RULEMAKING

Mr. STEVENS. Mr. President, I ask unanimous consent that the attached statement from the Office of Compliance be entered into the RECORD today pursuant to section 304(b)(3) of the Congressional Accountability Act of 1995 (2 U.S.C. 1384 (b)(3)).

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