United States of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, FRIDAY, NOVEMBER 17, 1995 No. 183

# Senate

*(Legislative day of Thursday, November 16, 1995)*

## THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

*(Continued)*

Mr. ABRAHAM. Mr. President, I yield myself such time as I may consume.

Mr. President, I say very briefly there is once again information on the floor that must be corrected: the argument that the tax cuts included in the Balanced Budget Act of 1995 are going to the very wealthy in our country. In fact, Mr. President, 65 percent of all the tax cuts that are being provided for in this legislation go to people who are making less than $75,000 a year, 80 percent goes to people making less than $100,000.

If you are in those categories, according to what we have just heard, you are rich. In my State of Michigan, people making less than $75,000 a year are not the wealthiest people in America, and I do not think they are the wealthiest people in America or any other State.

The other claim, Mr. President, with respect to children, I think it is hard to argue that the policies which we are changing with this legislation are going to be worse for children than what we have seen under the policies that have been in existence for so many years.

Today, more children and more people are in poverty than when the war on poverty began. Today, children in America born this year are faced with huge debts that we have been running up on the Federal Government's unlimited credit card. There can be no greater punishment for the children in America today than to let the spending spree in Washington continue. That will continue if we do not pass the Balanced Budget Act which we are dealing with right now.

I yield 11 minutes to the Senator from Rhode Island, of the 15 we have allotted, and then 5 minutes to the Senator from Alaska.

Mr. CHAFEE. Mr. President, first I want to say I listened to the Members of the Democratic side speak this afternoon and, with the exception of the Senator from Nebraska, I have not heard one of them step up to the plate and try to do something about the deficits the country is facing.

Yes, they attack everything we have done, every proposal we have, but they have not offered a single proposal of their own to address what I believe is the most serious domestic problem facing this Nation of ours, which is the continuing deficits.

True, there is a lot of mileage in being against it and they are experts at it. The word ''shame'' was used by the Senator from Massachusetts about the approach we have taken. I say shame to those on that side who criticize but offer no alternatives.

With few exceptions, there is little willingness on that side of the aisle to tangle with this desperate problem that our country faces.

Mr. President, I believe that we truly do face a historic choice: to put our Nation on a path to a balanced budget by passing this Balanced Budget Act, or to continue business as usual, borrowing from our children and grandchildren to meet current Federal obligations.

This is the first time, Mr. President, in my 19 years in the Senate that we have had the opportunity to vote on a balanced budget. Yes, we have made attempts in the past to reduce the deficit. We had the Gramm-Rudman plan, firewalls, all kinds of approaches, but never have we had the political courage in both branches to make the tough choices to produce a balanced budget.

Whether one agrees with this legislation or not, it clearly represents a bold and a decisive step. Those courageous enough to vote for it deserve kudos, particularly in the House of Representatives, where they face the voters every 2 years.

As a Senator, as a parent, as a grandparent and as a concerned citizen, Mr. President, I have come to believe, as I mentioned before, that the deficit is the most pressing domestic problem our Nation faces. We cannot continue on this reckless course of spending more than we take in. Individuals and families, obviously, have to live within their budgets. So should our national Government.

Now, the Federal deficit is literally snowballing downhill, totally out of control. In 1980, we had a national debt of $1 trillion. This amount was amassed over a period of 200 years, from the inception of the Republic. Yet from 1980 to the present—just 15 years, we have run up $4 trillion more—four times what it took us 200 years to accumulate. So now our national debt has reached almost $5 trillion.

Absent decisive action, we are looking at annual deficits continuing out into the future of $200 billion a year. In other words, every 5 years we will add another $1 trillion of debt to the bill we are sending to future generations of Americans to pay.

Interest alone, never mind paying down that principal, is the third largest expenditure in the Federal budget. The largest is Social Security, the second largest is defense, the third largest is interest on the debt.

Mr. President, $235 billion a year. That is nearly a quarter of a trillion dollars that will not be available for better education, better schools, more help to college students, disease prevention, improved health, better housing, and more environmental protection. This staggering debt burden prevents us from making those expenditures, and obviously the $235 billion this year will go up every year.

Thus, I am committed to reaching a balanced budget within a specified time period, and the Balanced Budget Act will accomplish that objective within 7 years, by the year 2002.

● This ''bullet'' symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Whether one agrees with all of the provisions of this or not, there is another very important reason to vote for the Balanced Budget Act. It will get us beyond the current budget impasse and on to direct negotiations with the President.

As far as I am concerned, the sooner we get to the negotiating table with the administration, the better. We need to get beyond the finger pointing and on to negotiations. We must get past this veto—which everyone agrees is going to take place—and on to constructive, bipartisan dialog with the White House, and congressional Democrats, to balance this Federal budget within 7 years.

Now, a new forecast was conducted at the University of Rhode Island indicating that my State is still languishing in the doldrums of a protracted recession. At best, the recovery we have experienced over the past several years has been uneven and anemic. This continued stagnation is sapping the vitality of my State and dashing the hopes of many of its citizens.

We need to get this entire economy moving—from one end of the country to the other—and balancing the budget is the single most important step we can take to make this country prosper. This is not me saying this. This is the Chairman of the Federal Reserve, Dr. Alan Greenspan, and a host of economists that testified before the Finance Committee earlier this year.

The very action of enacting legislation to put us on the path to a balanced budget, with annual deficits on a downward trend, would provide an almost immediate reduction in short and long-term interest rates. This, in turn, would do several things. It would free up capital to fuel growth, increase demand for goods and services, and increase employment in our country.

For consumers, the cost of financing a college education for their children, buying an automobile, or financing a home, would all come down in response to falling interest rates. For businesses, the cost of borrowing capital would become more affordable, enabling them to expand, and to create new jobs.

Now, Mr. President, I do not agree with every aspect of this massive bill. I say without hesitation or regret that I fought the good fight on a number of issues about which I care deeply, with some success and some failures.

However, when the goal is as important as securing the economic future of our Nation, as I believe it is, one works to advance the process despite any misgivings one might have.

That said, I would like to offer a few of my own thoughts to those who will have the difficult task of negotiating a final agreement with the administration once this bill is vetoed. When the negotiations convene in early December, I am confident an agreement can be reached if both sides come to the table in good faith.

Here are my suggestions for them.

At a time when we are trying to balance the budget, I believe tax cuts are difficult to justify. I, personally, am against any the tax cuts. However, if we are to have some tax reductions, they should not become effective until substantial progress has been made toward reaching our goal of a balanced budget by the year 2002.

Both sides have proposed tax cuts. The administration rails against our tax cut proposal but, indeed, the President has also proposed tax cuts totaling more than $100 billion. I believe both sides should defer the implementation of any tax cuts.

Second, congressional Republicans are exactly right in taking significant steps to control the future growth of Medicare. The long-term financial problems facing this program must be addressed in a forthright manner. The President and congressional Democrats must step up to the plate on this issue.

By the way, I hope everybody saw the editorial in yesterday's Washington Post, hardly a mouthpiece for the Republican Party, which excoriated the Democrats for their failure to face up to this issue of Medicare. The President and the congressional Democrats are equally to blame for failing to offer real solutions to the problems confronting the Medicare program. We Republicans believe in income-testing, requiring wealthier citizens to pay more for Medicare, as well as other entitlement programs. In addition, steps must be taken to conform Medicare administration and management with modern insurance practices. Moreover, we should give seniors more choices, such as choosing an HMO, or Preferred Provider Organization. I strongly believe we should not reduce Part B premiums because doing so would require additional tax dollars, further increasing the deficit of our Nation. In this regard, the Republican budget plan keeps the premiums at exactly the same percentage that they are today, 31.5 percent.

Republicans are right in insisting upon a fixed timetable of 7 years to reach a balanced budget. We have repeatedly promised fiscal discipline and repeatedly failed to deliver it. So, when people suggest, oh, you can do it in 9 years, in 10 years, or 15 years—beware. Let us set an early date. I believe 7 years is a reasonable one. That is not tomorrow, that is not the year after next. Within 7 years—by 2002—we ought to be able to deliver a balanced budget. We are in peacetime. There is no war. There is relative prosperity. We ought to be able to balance the budget in 7 years.

Severing the individual entitlement and turning the Medicaid program over to the States as a block grant causes me grave concerns, and could end up costing our health care system a lot more than the present program. A per capita cap on the Federal entitlement and much greater State flexibility are the appropriate solutions to the problems confronting this program. I also question the wisdom of trying to find such a high level of savings from Medicaid.

Next, the Senate welfare reform bill was a sound package which won significant bipartisan support, and I hope the result which emerges from negotiations——

The PRESIDING OFFICER. The 11 minutes of the Senator have expired.

Mr. CHAFEE. If I might have 1 more minute?

Mr. ABRAHAM. I yield the Senator an additional minute.

Mr. CHAFEE. I hope the result which emerges from negotiations on the welfare part of the Balanced Budget Act will be closer to the Senate bill. The conference agreement appears to depart significantly from the Senate bill in areas such as foster care and children's Supplemental Security Income, for example. In addition, it is unreasonably restrictive with respect to the treatment of legal immigrants, which I find quite troubling and unacceptable.

We should bite the bullet and correct the Consumer Price Index, which is a measure of inflation used to compute cost-of-living adjustments for Social Security benefits, as well as to conform Federal tax brackets with inflationary changes. There is growing bipartisan consensus within Congress, and among economists, that the CPI overstates inflation. Even a modest correction of five-tenths of 1 percent would reduce outlays by about $122 billion over 7 years, affecting only a $4 or $5 reduction in the increase the average beneficiary would receive.

The approaches I have outlined will help the respective parties reach an agreement to balance the budget by providing the flexibility needed to reduce the reliance on savings from Medicaid and other programs serving the needy, particularly those serving poor children.

Mr. President, in conclusion, this legislation presents us with a tremendous opportunity to fulfill our responsibilities to put our fiscal house in order. I urge passage of this legislation so that we can move on to direct negotiations with the White House toward a final budget agreement. I thank the Chair and the manager.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I do support this Balanced Budget Act of 1995. I want to make a few comments about the continuing resolution that is going to go to the President and its relationship to this bill.

I was deeply disturbed when the President vetoed the second continuing resolution. This will be the third one, because, you know, we did have one from October 1 to November 13. I do hope the messages are getting through to the President. I have been heartened every morning when I come into the office and review the logging-in of the

public opinion messages that come to my Alaska offices and here in Washington. I want to tell the Senate, of all the calls we have received during this period, about 15 percent of those calls agree with the President; 4 percent rightly urge us to get together and settle this problem; but over 80 percent of all the calls we received so far tell me to stay the course and balance the budget. They tell me to continue this fight that we have, to try to bring about some restoration of, really, the fiscal solvency of the country and to realign our laws so they make sense.

Alaskans, really, who have sent us here, tell us a balanced budget is worth fighting for. It is time we dealt with this issue. I just managed the defense bill. Most people realize how large that defense bill is, and we were criticized on reporting it because it was so large.

I wonder how many people realize that the interest on the national debt this year is the same as the amount of money we are spending for national defense. The difficulty is, the debt is rising now at an astounding rate of $335,000 a minute, $20 million an hour, $482 million a day. We have a deficit already standing at $176 billion, and it is projected to remain roughly at that level through the end of the century—almost $200 billion a year through the end of the century.

Alaskans realize we cannot use the Federal credit card to get out of this debt. We have to find some way to meet it. We also have to find some way to provide the services that we need.

It will be the small States that are squeezed out if these interest payments continue to rise, and we know that. We rely on things like the Coast Guard and the FBI and FAA and so many groups that are involved in our livelihood, the fisheries and forestry programs of NOAA. All of that is discretionary spending that is wiped out as interest rates go up. The reason we are committed to reducing this deficit and trying to balance the budget is to preserve the kind of services that small States need.

We could commit ourselves to just reducing the rate of growth to 3 percent across the board or 5 percent across the board. Instead, we have a very complicated bill before us. It is a bill that makes sense. The year 2002 makes a lot of sense to me. That is the first midterm election following the election that will take place in the year 2000. It gives the American public a chance to really react if Congress has failed to meet its commitment.

I really have come to the floor today to say I just do not believe the President can reject this continuing resolution that we have sent to him. In my judgment, he has campaigned for a 5-year balanced budget during his campaign in 1992. He has accepted the 7-year period on several occasions. We are asking for no more than he himself has pledged in the past to the American public. And in the State of the Union Message, when he came before us in 1993, he urged us to use the Congressional Budget Office, not the political appointees of the Office of Management and Budget, to determine whether the bills that Congress sends him would meet the goals of balancing the budget.

I think that we need to have this bill which is before us passed. There is no question about that. But I say to the President, I urge you to sign the continuing resolution. We are seeing the collision between the two massive entities of our Federal Government—the executive branch and the legislative branch—one under the control of one and the other under the control of the other, and there is no way for them to get together unless we have some time. This continuing resolution would give us that time and keep the commitment not only to balanced budget by 2002, but to do so using sensible economics as delineated by the Congressional Budget Office.

I thank the Chair.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, under a previous agreement I am allowed 15 minutes, as I understand it.

Mr. President, let me begin doing what someone recently alleged on the other side of the aisle that no one has done.

Let me compliment the Republicans of the majority party. I think some of what they have done in this reconciliation bill makes a lot of sense. Some of the proposals are courageous proposals. Some of them move us in the right direction.

I am not going to support this bill. I think there are some terrible ideas in here as well. But let me say all of us have to work together to find common ground. Some of the proposals make a lot of sense. There are a good number of the proposals that I do support.

Mr. President, the debate is not about whether we balance the budget in 7 years. Frankly, if we could get the Federal Reserve Board to take its foot off the brake and get a little economic growth, we ought to be able to balance the budget in 5 years. The Federal Reserve Board cranks up interest rates because they say our economy is growing too fast. Let us get the Fed to get its foot off the brake, get some growth, and we can do it before 7 years. That is not the debate, 7 years, 5 years, 8 years.

Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. DORGAN. Mr. President, the budget reconciliation bill that we are now debating should have come to the floor of the Senate by June 15. That is what the law requires. Now we are 5 months later and we have a bill.

Of course, no one in this Chamber has read it—no one. Not one Member of the Senate, in my judgment, has read this entire bill. It just came yesterday. It was put in the Congressional RECORD in legislative language of I guess probably 1900 pages long. But I wanted to explain to my colleagues some of what is in this bill. I think some of what I will explain is not understood by anybody in the Senate. It is just there.

We are told now that this bill is going to balance the budget, this plan must be adopted, this plan or no plan, this is the plan that will save America, and this is the plan that will solve the fiscal policy problems. Well, there are other ways to do the same thing and to do it the right way. So let me go through some of the things that I think can be changed and must be changed in this plan.

If you go through this plan in some detail, what you will see is the choices that are made on spending cuts and the choices that are made on tax cuts seem always to be overweighed in terms of helping those who have money with additional blessings of tax cuts and hurting those who do not have much with the added burdens of budget cuts.

Let me show my colleagues something that I will bet no one in the Senate understands is there. In fact, let me do it by talking about cows, if the Senate will permit me to do that.

Section 1240, chapter 4, ''livestock and environmental assistance,'' which is a fancy way of saying—it is called LEA, ''livestock and environmental assistance.'' It includes something called ''manure management.'' I will bet not many can visit with me about this. You do not know it is in there—LEA, manure management.

Who gets the money under manure management? If you have up to 10,000 beef cows, or a big herd, you are eligible for $50,000 in manure management.

But what if you have a small herd? Not beef cows, but dairy cows. If you have a small herd of dairy cows, and you have more than 55, you are eligible for zero. Big herd of cows, you get $50,000 for manure management. But a cow with spots, 56 of them, zero.

Look, this is a cow that wakes up at 5 in the morning and offers herself to give milk. This is a working cow.

With these cows, if you have 10,000 and they are in a feed lot, they sit around, eat all day and belch a lot. They do not shift much. So you have a big herd, small herd; big interests, little interests; big folks, little folks.

The entire bill does exactly what it does to cows. Tax cuts? The big interests can smile. They get a lot. Little guys, little folks? There is not much there. Spending cuts? The little folks, they bear the burden. Big folks, no problem.

I have not had an opportunity to have the analysts look at this, but they were able to look at the Senate's version of this bill, and here is what they said. And let me talk about this in terms of people, because that's what our country is all about.

Let us take a roomful of people, just a roomful the size of my hometown of 400 people, and set up chairs so they are all seated. You say, ''By the way, let's figure out who in here has what money. Let's take the 20 percent in

here with the lowest income, and you all move your chairs over to this side of the room.'' So we have all of you with the lowest income, 20 percent of you sitting over there. Now we are going to tell you about your spending cuts. The folks with the 20 percent of the lowest incomes in this room, we will give you 80 percent of the burden of the spending cuts.

The news is not all bad, however. You folks with the 20 percent of the highest incomes, move your chairs over to this side of the room because we have some awfully good news for you. We are going to cut taxes, and you folks, you 20 percent that have the highest incomes in this room, you get 80 percent of the tax cuts.

Let me repeat that. Under this bill, the 20 percent with the least income get hit with 80 percent of the burden of the budget cuts or spending cuts. And the 20 percent with the highest incomes get 80 percent of the rewards of the tax cuts.

Some of us think that is not a fair way to apportion the burden of spending cuts and the blessings of tax cuts.

Let me talk about some other provisions that are in this bill. I will bet there are not 1 or 2 percent of the Senate who understand what they are. A couple of people put them in here, so they probably know.

Go to page H 12680 of the RECORD, which is where this bill was placed last evening, and you find ''Repeal of inclusion of certain earnings invested in excess passive assets.'' It reads, ''Paragraph 1 of section 951(a) relating to amounts included in gross income of U.S. shareholders'' et cetera, ''Repeal of inclusion amount, Section 956(a) is repealed.''

What does that mean? I will bet there is not anyone on the floor who knows what that means. Not one person, I will bet, knows what that means.

I will tell you what it means, Mr. President. It means several hundreds of millions of dollars is given to the largest corporations around, who move their jobs overseas, earn income overseas, and under today's law must repatriate that income and pay taxes on it to this country.

But this bill on this page says we are of a different mind. We would like in this bill to put a bow and some wrapping and a little package which we want to give those companies to encourage them to continue to keep their jobs outside of this country—several hundred millions of dollars in a tax cut to encourage companies to stay out of this country with their jobs. That is one.

How about page 12638, ''corporate alternative minimum tax reform''? Not many will know what this means, except in the old days you would read a story that said XYZ corporation made $2 billion in income and paid zero in income taxes. So the Congress said that is not very fair. So let us have an alternative minimum tax so that we do not have to read stories like that.

The House of Representatives wanted to repeal this alternative minimum tax completely. This conference report agreement would in effect repeal the alternative minimum tax with respect to depreciation.

What does that mean? It means 2,000 corporations in America will get a $7 million tax cut each, on average—$7 million apiece for 2,000 corporations buried on page 12638.

Is this what we are supposed to vote for? If we do not vote for this, are we somehow thickheaded? Or is this a gift?

Is this one of those special little prizes like the ones that go to the big herd for manure management, one of those little prizes that goes to the big interests that we are not supposed to see and we are not supposed to debate?

Maybe this would come to the floor under normal circumstances and we could debate the wisdom of such a policy at a time when we say to 55,000 kids on Head Start: We do not have enough money for you. You are going to get kicked off the Head Start program; you kids going to college, you are going to pay more to go to college. We do not have enough money for student financial aid; you folks on Medicare pay more and get less for your health care; you people on Medicaid, we will block grant that money to the States and maybe they will have money for your health care, or maybe not.

But we say we have plenty of money to give a tax break to companies that move their jobs overseas, and we have plenty of money to virtually repeal the alternative minimum tax.

Some of us think that is not a priority that makes much sense.

Mr. President, how much time is remaining?

The PRESIDING OFFICER (Mr. FRIST). About 5 minutes.

Mr. DORGAN. Mr. President, yesterday, I spoke in the Chamber about priorities and choices. Let me in the middle of my remarks again compliment the Republicans, the majority party. Their desire for a balanced budget is commendable. I compliment them genuinely for it. The desire ought to be universally shared on this floor.

The question of how you achieve that goal, the choices and the priorities you make, are important. They are important to a lot of people.

I was in the Chamber yesterday talking about a little program called Star Schools, a tiny little program. It tries to create Star Schools in math and sciences, at an annual cost of $25 million. This bill would cut Star Schools by 40 percent—40 percent in a tiny little program.

There's another program called star wars. That one is increased 100 percent. The majority's priority is star wars, which is not ordered, not needed, not wanted. In the defense spending bill they boosted the Pentagon's star wars program by 100 percent. Supposedly we have plenty of money, hundreds of millions of dollars, for that program because the sky is the limit. We are all loaded when it comes to the star wars program, but a 40 percent cut in a tiny program called Star Schools.

Nowhere is there a better example of warped priorities, in my judgment.

Tax cuts. I would like to see tax cuts for every American, but I would say this. I offered an amendment in this Chamber saying let us at least limit the tax cuts to those who make $250,000 a year or less and use the savings from that limitation to reduce the hit on Medicare. Of course, that did not pass. Everybody here knows that every dollar of tax cut in this bill is borrowed. No one can deny that. The facts demonstrate it. Every single dollar that is given in a tax cut is going to be borrowed. Every dollar of tax cuts will increase the Federal debt by a dollar.

Balanced budget. We are told this is the balanced budget. Well, again, let me commend the Republicans because I think there needs to be a greater and more energetic effort to try to balance the budget, but this budget is not balanced.

The Director of the Congressional Budget Office says it is not a balanced budget. It will have a $108 billion deficit in the year 2002. I can read the letter if you want. She wrote it on October 19.

You can call it a balanced budget if you misuse $110 billion in Social Security funds in the year 2002, but, of course, that would be dishonest, and it would also violate the law.

This is not a balanced budget. It has a $108 billion deficit in 2002. In fact, the very budget bill that was brought to the floor that was described as the Balanced Budget Act has on page 3 under the category ''Deficits,'' $108 billion in deficits in the year 2002. So it is not a balanced budget.

We are not talking about the facts when people assert that it is a balanced budget.

There are many ways to create a balanced budget. There are many competing interests in this country. There are almost unlimited needs, and there are limited resources. We would do this country a favor in my judgment by creating a fiscal policy that balances the budget the right way. As we do it, let us still continue to invest in the things that make America great; let us continue to make our promises.

What makes America great? Investment in education and investment in our children advance this country's economic interests.

You have all heard the admonition: if you are worried about a year, plant rice; if you are worried about 10 years, plant some trees; if you are worried about a century, educate your children. Education advances this country's interests. That is an investment. We do this country no favor by deciding that the way to balance the Federal budget is cut education and build star wars. The choices, it seems to me, are difficult, but they are not choices in which we have to reach the wrong result time after time after time.

There are many things, as I said when I started, in this proposal for which we should commend the Republicans, but there can be a much better approach to balancing the budget, fairer to all Americans if we could get together and understand the consequences of these choices on all of the interests, big interests and little interests, big folks and little folks and all Americans.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, at this time I would yield 10 minutes to the Senator from Iowa.

Mr. GRASSLEY. Mr. President, at the close of Tuesday's first budget meeting with White House officials, I expressed to Chief of Staff Leon Panetta and Treasury Secretary Rubin my disappointment with their inflexible posture.

I told Mr. Panetta, and these are my exact words:

> Don't assume the President isn't going to change his position. He's changed his mind before.

Mr. Panetta did not respond and just walked off.

It was suggested to me that this may have been taken as a slap at or insult to the President.

Let me assure you that I meant no malice, nor did I intend it as a partisan swipe at the President.

I was simply making a statement of fact.

And the fact is, the President changes his mind quite frequently.

And if the President refuses to negotiate in person with congressional leaders, then those he sends must fully appreciate the fact that the President changes his mind a lot and that they as White House negotiators must be more flexible and open-minded.

The fact that the President changes his mind frequently may not be well known by the public at large, but it is something that those of us who work with him know very well.

The House Appropriations ranking Democrat, Congressman DAVID OBEY understands this.

In June Mr. OBEY told the Associated Press:

> I think most of us learned sometime ago that if you don't like the President's position on a particular issue, you simply need to wait a few weeks.

Again, that was an observation, a simple statement of fact, from a Democratic congressional leader, that President Clinton changes his mind quite frequently.

President Clinton has changed his mind frequently on the question of a balanced budget. On January 8, President Clinton promised to ''present a 5-year plan to balance the budget.''

On May 20, he said he thought balancing the budget ''clearly can be done in less than 10 years.'' So you see, he changed his mind again.

He changed his mind again on June 13, when he said, ''It took decades to run up this deficit; it's going to take a decade to wipe it out * * *.''

On October 19, President Clinton changed his mind again about balancing the budget. He stated ''Well, I think we could reach it in seven years * * *''

So you see, Mr. President, my point to Mr. Panetta was that if he and the other White House negotiators would be a bit more flexible, we could quickly resolve this impasse that has shut down the Government.

I am sure Mr. Panetta is persuasive enough to convince the President to change his mind again * * * to do the right thing by committing to supporting a CBO certified? Well, CBO has long been recognized as the reliable, unbiased, nonpartisan budget scorer.

Unfortunately, on this point, President Clinton has also changed his mind again.

In 1993, President Clinton touted CBO as the independent and more accurate budget scorer.

But then he changed his mind. He now is trying to convince Americans that OMB, which is controlled by President Clinton, is the reliable, unbiased, and nonpartisan budget scorer.

President Clinton offered what he claimed was a 10-year balanced budget plan that was cooked up by the OMB that he controls.

Even the chairman of the Democratic Senatorial Campaign Committee, Senator BOB KERREY, criticized the President's so-called 10-year balanced budget plan by stating

> They cooked the numbers . . . He needs to get back to the CBO numbers.

And, of course, as we all know, CBO's analysis exposes the fact that the President's budget does not balance, not in 5 years, 7 years, 10 years or ever.

Instead, CBO shows that it would compound the burden of our children and grandchildren by increasing the deficit to the tune of over $200 billion each of those 10 years.

This is why President Clinton's budget was defeated in the Senate by a vote of 96 to 0. Not one Democrat voted for President Clinton's budget, not one Republican.

President Clinton has changed his mind on taxes. He campaigned promising a large tax cut.

Once elected President, he changed his mind. He instead pushed for and signed into law the largest tax increase in our Nation's history—$251 billion. It was a tax increase that hit our elderly and young people alike.

Recently, he changed his mind again about his 1993 tax increase. He told people in Houston that, and I quote:

> Probably there are people in this room still mad at me at that budget because you think I raised your taxes too much. It might surprise you to know that I think I raised them too much, too.

I do not suppose it is any more than a mere coincidence that he had that particular change of mind during his Presidential campaign fundraiser in Texas.

President Clinton has changed his mind on Medicare spending a good number of times as well.

At the AARP Presidential Forum in 1993, President Clinton proposed to restrain the growth of Medicare spending to two times the rate of inflation. He said, and I quote:

> Today. . . . Medicare (is) going up at three times the rate of inflation. We propose to let it go up at two times the rate of inflation. That is not a Medicare—cut . . .

Mr. President, guess what? President Clinton has changed his mind again—on two different counts here.

The Republican plan to save Medicare allows Medicare spending to go up—now listen carefully—two times the rate of inflation.

That is exactly what President Clinton proposed in 1993, but now he attacks Republicans for proposing the same.

Furthermore, whereas in 1993 he argued before AARP that doing this was not a cut, now that the Republicans are recommending this, President Clinton says that it is a cut.

Mr. President, we could go on and on and on, if we attempted to list every time President Clinton changed his mind, but I will not suffer my colleagues through such an ordeal.

But the point should be clear to White House negotiators such as Mr. Panetta, that the President does change his mind often, and thus, they should not be so closed-minded and entrenched in our negotiations.

Almost everything we Republicans and Americans want, and that remarkably has led to this unfortunate juncture, the President has at one time or another, has said that he supports as well.

There is no justified reason for him to disagree with us now.

He said we could balance the budget in 7 years, so let us do it.

If he can come up with a plan to do it in 5 years as he said he would, then let us consider that instead.

He said CBO is the most reliable budget scorer, so let us use their numbers, instead of those rosy numbers cooked up by his OMB.

He said he wanted to restrain the growth of Medicare spending to two times inflation like we Republicans are currently proposing, so let us do it.

He promised Americans a major tax cut, so he should join us Republicans and just do it.

It is time President Clinton quit listening to his Democrat campaign consultants who brag about subscribing to terror to make people hate, and start listening to some sound advice that is good for the country, class warfare and generational/warfare tactics.

Mr. President, it is time to do the right thing.

There is no reason President Clinton cannot change his mind one more time—one more time to do what is right.

As the ad campaign says, ''Just Do It.''

President Clinton, Just Do It.

I yield the floor, and I reserve the remainder of my time for the rest of the speakers.

Mr. ABRAHAM. I yield 10 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. First, Mr. President, I would like to compliment my colleague and friend from Iowa, Senator GRASSLEY, for an excellent speech. Also, I would like to compliment Senator DOMENICI for his leadership in bringing this budget package to the floor, as well as Senator DOLE and Senator ROTH, and Senator ABRAHAM, who is managing the floor, and I think doing an exceptional job.

Mr. President, in my opinion, this is probably the most important vote that we will cast in my 15 years in the Senate. We had historic votes during President Reagan's term and President Bush's. But we really never really had a vote to balance the budget. We never had a vote that would enact into law changes necessary to balance the budget.

Tonight we are going to have that vote. And I understand that our colleagues on the Democrat side of the aisle and the President will not support us. I think that is unfortunate. I hope that after this vote maybe they will work with us to enact a balanced budget.

For the first time in history, we are going to have the courage to do what is right and actually balance the budget. Such action by Congress has not happened in decades. You would have to go back to 1969 to find the last time we balanced the budget.

I think it is important, too, that we use facts. I have several charts I am going to put in the RECORD to back up some of the comments I am going to make.

One, I want to refute some of the statements that President Clinton has made. He said, his 1993 budget reduced deficits by $500 billion. I heard him say that as recently as yesterday.

Mr. President, I ask unanimous consent to have printed in the RECORD a chart that shows the CBO baseline in January 1993, which had very high deficit projections, and the CBO baseline in August of 1995, which had significantly lower deficits. This chart shows why those deficits are lower. I ask unanimous consent to have that chart and others printed in the RECORD at this time.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

SOURCE OF DEFICIT DECLINE SINCE PRESIDENT CLINTON TOOK OFFICE

| | Clinton term | | | | Out Years | | Total |
|---|---|---|---|---|---|---|---|
| | 103d Congress | | 104th Congress | | 105th Congress | | |
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | |
| CBO deficit baseline (January 1993) | 310 | 291 | 284 | 287 | 319 | 357 | 1,848 |
| Tax and fee increases | 0 | (28) | (47) | (54) | (65) | (64) | (259) |
| Spending increase/(cuts) | 4 | 9 | 3 | (18) | (39) | (56) | (98) |
| Technical, economic, and debt service | (59) | (69) | (79) | (24) | 2 | (7) | (236) |
| CBO deficit baseline (August 1995) | 255 | 203 | 161 | 189 | 218 | 229 | 1,255 |

Source: Congressional Budget Office reports.
Amounts which reduce the deficit are shown in (parenthesis). Details may not add due to rounding.

MEDICARE SPENDING COMPARISONS

[Gross mandatory outlays in billions]

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 7 year total | 7 year average |
|---|---|---|---|---|---|---|---|---|---|---|
| Balanced Budget Act | 178 | 196 | 211 | 217 | 228 | 250 | 270 | 293 | 1,664 | |
| Growth over 1995 | | 18 | 33 | 39 | 50 | 72 | 92 | 115 | 417 | |
| Percent growth | | 10 | 8 | 3 | 5 | 10 | 8 | 8 | 64 | 7.4 |
| President II | 174 | 192 | 208 | 223 | 239 | 254 | 271 | 289 | 1,676 | |
| Growth over 1995 | | 18 | 34 | 49 | 65 | 80 | 97 | 115 | 458 | |
| Percent growth | | 10 | 8 | 7 | 7 | 6 | 7 | 7 | 66 | 7.5 |

Sources: SBC Majority & OMB data. Includes GME outlays.

BUDGET PLAN COMPARISON

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Sum 1996–2002 | Compared to a freeze |
|---|---|---|---|---|---|---|---|---|---|---|
| Balanced Budget Act (CBO scoring): | | | | | | | | | | |
| Outlays | 1,518 | 1,590 | 1,629 | 1,660 | 1,703 | 1,764 | 1,801 | 1,857 | 12,004 | 1,378 |
| Revenues | 1,357 | 1,412 | 1,440 | 1,514 | 1,585 | 1,665 | 1,756 | 1,861 | 11,233 | 607 |
| (Deficit)/surplus | (161) | (178) | (189) | (146) | (118) | (100) | (46) | 4 | (773) | |
| Clinton budget (OMB scoring): | | | | | | | | | | |
| Outlays | 1,518 | 1,579 | 1,655 | 1,713 | 1,777 | 1,847 | 1,903 | 1,966 | 12,440 | 1,814 |
| Revenues | 1,357 | 1,415 | 1,474 | 1,549 | 1,628 | 1,716 | 1,817 | 1,903 | 11,492 | 1,993 |
| (Deficit)/surplus | (161) | (163) | (179) | (161) | (146) | (125) | (91) | (58) | (923) | |
| Clinton budget (CBO scoring): | | | | | | | | | | |
| Outlays | 1,518 | 1,611 | 1,680 | 1,737 | 1,822 | 1,904 | 1,983 | 2,073 | 12,810 | 2,184 |
| Revenues | 1,357 | 1,416 | 1,467 | 1,538 | 1,608 | 1,684 | 1,772 | 1,864 | 11,349 | 1,850 |
| (Deficit)/surplus | (161) | (196) | (212) | (199) | (213) | (220) | (211) | (210) | (1,461) | |

Sources: CBO and OMB.

EARNED INCOME CREDIT

| Year | Maximum credit | Minimum income for maximum credit | Maximum income for maximum credit | Phaseout income |
|---|---|---|---|---|
| Two or more children | | | | |
| Historical | | | | |
| 1976 | $400 | $4,000 | $4,000 | $8,000 |
| 1977 | 400 | 4,000 | 4,000 | 8,000 |
| 1978 | 400 | 4,000 | 4,000 | 8,000 |
| 1979 | 500 | 5,000 | 6,000 | 10,000 |
| 1980 | 500 | 5,000 | 6,000 | 10,000 |
| 1981 | 500 | 5,000 | 6,000 | 10,000 |
| 1982 | 500 | 5,000 | 6,000 | 10,000 |
| 1983 | 500 | 5,000 | 6,000 | 10,000 |
| 1984 | 500 | 5,000 | 6,000 | 10,000 |
| 1985 | 550 | 5,000 | 6,500 | 11,000 |
| 1986 | 550 | 5,000 | 6,500 | 11,000 |
| 1987 | 851 | 6,080 | 6,920 | 15,432 |
| 1988 | 874 | 6,240 | 9,840 | 18,576 |
| 1989 | 910 | 6,500 | 10,204 | 19,340 |
| 1990 | 953 | 6,810 | 10,730 | 20,264 |
| 1991 | 1,235 | 7,140 | 11,250 | 21,250 |

EARNED INCOME CREDIT—Continued

| Year | Maximum credit | Minimum income for maximum credit | Maximum income for maximum credit | Phaseout income |
|---|---|---|---|---|
| 1992 | 1,384 | 7,520 | 11,840 | 22,370 |
| 1993 | 1,511 | 7,750 | 12,200 | 23,049 |
| 1994 | 2,528 | 8,425 | 11,000 | 25,296 |
| 1995 | 3,110 | 8,640 | 11,290 | 26,673 |
| Clinton expansion | | | | |
| 1996 | 3,564 | 8,910 | 11,630 | 28,553 |
| 1997 | 3,680 | 9,200 | 12,010 | 29,484 |
| 1998 | 3,804 | 9,510 | 12,420 | 30,483 |
| 1999 | 3,932 | 9,830 | 12,840 | 31,510 |
| 2000 | 4,058 | 10,140 | 13,240 | 32,499 |
| 2001 | 4,184 | 10,460 | 13,660 | 33,527 |
| 2002 | 4,320 | 10,800 | 14,100 | 34,613 |
| Balanced Budget Act | | | | |
| 1996 | 3,564 | 8,910 | 11,630 | 25,425 |
| 1997 | 3,680 | 9,200 | 12,010 | 26,254 |
| 1998 | 3,804 | 9,510 | 12,420 | 27,145 |
| 1999 | 3,932 | 9,830 | 12,840 | 28,059 |
| 2000 | 4,058 | 10,140 | 13,320 | 28,940 |
| 2001 | 4,184 | 10,460 | 13,660 | 29,856 |
| 2002 | 4,320 | 10,800 | 14,100 | 30,821 |
| One child | | | | |
| Historical | | | | |
| 1976 | 400 | 4,000 | 4,000 | 8,000 |
| 1977 | 400 | 4,000 | 4,000 | 8,000 |
| 1978 | 400 | 4,000 | 4,000 | 8,000 |
| 1979 | 500 | 5,000 | 6,000 | 10,000 |
| 1980 | 500 | 5,000 | 6,000 | 10,000 |
| 1981 | 500 | 5,000 | 6,000 | 10,000 |
| 1982 | 500 | 5,000 | 6,000 | 10,000 |
| 1983 | 500 | 5,000 | 6,000 | 10,000 |
| 1984 | 500 | 5,000 | 6,000 | 10,000 |
| 1985 | 550 | 5,000 | 6,500 | 11,000 |
| 1986 | 550 | 5,000 | 6,500 | 11,000 |
| 1987 | 851 | 6,080 | 6,920 | 15,432 |
| 1988 | 874 | 6,240 | 9,840 | 18,576 |
| 1989 | 910 | 6,500 | 10,240 | 19,340 |
| 1990 | 953 | 6,810 | 10,730 | 20,264 |
| 1991 | 1,192 | 7,140 | 11,250 | 21,250 |
| 1992 | 1,324 | 7,520 | 11,840 | 22,370 |
| 1993 | 1,434 | 7,750 | 12,200 | 23,054 |
| 1994 | 2,038 | 7,750 | 11,000 | 23,755 |
| 1995 | 2,094 | 6,160 | 11,290 | 24,396 |
| Clinton expansion | | | | |
| 1996 | 2,156 | 6,340 | 11,630 | 25,119 |
| 1997 | 2,227 | 6,550 | 12,010 | 25,946 |
| 1998 | 2,305 | 6,780 | 12,420 | 26,846 |
| 1999 | 2,380 | 7,000 | 12,840 | 27,734 |
| 2000 | 2,455 | 7,220 | 13,240 | 28,602 |
| 2001 | 2,533 | 7,450 | 13,660 | 29,511 |
| 2002 | 2,615 | 7,690 | 14,100 | 30,462 |
| Balanced Budget Act | | | | |
| 1996 | 2,156 | 6,340 | 11,630 | 23,055 |
| 1997 | 2,227 | 6,550 | 12,010 | 23,814 |
| 1998 | 2,305 | 6,780 | 12,420 | 24,637 |
| 1999 | 2,380 | 7,000 | 12,840 | 25,454 |
| 2000 | 2,455 | 7,220 | 13,240 | 26,252 |
| 2001 | 2,533 | 7,450 | 13,660 | 27,085 |
| 2002 | 2,615 | 7,690 | 14,100 | 27,957 |
| 1976 | (1) | (1) | (1) | (1) |
| 1977 | (1) | (1) | (1) | (1) |
| 1978 | (1) | (1) | (1) | (1) |
| 1979 | (1) | (1) | (1) | (1) |
| 1980 | (1) | (1) | (1) | (1) |
| 1981 | (1) | (1) | (1) | (1) |
| 1982 | (1) | (1) | (1) | (1) |
| 1983 | (1) | (1) | (1) | (1) |
| 1984 | (1) | (1) | (1) | (1) |
| 1985 | (1) | (1) | (1) | (1) |
| 1986 | (1) | (1) | (1) | (1) |
| 1987 | (1) | (1) | (1) | (1) |
| 1988 | (1) | (1) | (1) | (1) |
| 1989 | (1) | (1) | (1) | (1) |
| 1990 | (1) | (1) | (1) | (1) |
| 1991 | (1) | (1) | (1) | (1) |
| 1992 | (1) | (1) | (1) | (1) |
| 1993 | (1) | (1) | (1) | (1) |
| 1994 | 306 | 4,000 | 5,000 | 9,000 |
| 1995 | 314 | 4,100 | 5,130 | 9,230 |
| Clinton expansion | | | | |
| 1996 | 324 | 4,230 | 5,290 | 9,520 |
| 1997 | 334 | 4,370 | 5,460 | 9,830 |
| 1998 | 346 | 4,520 | 5,650 | 10,170 |
| 1999 | 357 | 4,670 | 5,830 | 10,500 |
| 2000 | 369 | 4,820 | 6,020 | 10,840 |
| 2001 | 380 | 4,970 | 6,210 | 11,180 |
| 2002 | 392 | 5,130 | 6,410 | 11,540 |
| Balanced Budget Act | | | | |
| 1996 | 0 | (1) | (1) | (1) |
| 1997 | 0 | (1) | (1) | (1) |
| 1998 | 0 | (1) | (1) | (1) |
| 1999 | 0 | (1) | (1) | (1) |
| 2000 | 0 | (1) | (1) | (1) |
| 2001 | 0 | (1) | (1) | (1) |
| 2002 | 0 | (1) | (1) | (1) |

Source: Joint Committee on Taxation.

EARNED INCOME CREDIT—REDUCING PROGRAM COSTS

[Fiscal year, billions of dollars]

| Fiscal year | Outlay cost | Revenue cost | Total cost |
|---|---|---|---|
| Historical | | | |
| 1985 | 1.179 | 0.482 | 1.661 |
| 1986 | 1.498 | 0.586 | 2.084 |
| 1987 | 1.552 | 0.553 | 2.105 |
| 1988 | 2.996 | 1.033 | 4.029 |
| 1989 | 4.276 | 1.655 | 5.931 |
| 1990 | 4.669 | 1.943 | 6.612 |
| 1991 | 5.430 | 1.681 | 7.111 |
| 1992 | 7.955 | 2.756 | 10.711 |
| 1993 | 10.062 | 3.091 | 13.153 |
| 1994 | 12.254 | 3,489 | 15.743 |
| 1995 | 16.730 | 3.117 | 19.847 |
| Clinton expansion | | | |
| 1996 | 20.257 | 3.505 | 23.762 |
| 1997 | 22.039 | 3,831 | 25.870 |
| 1998 | 22.922 | 4.025 | 26.947 |
| 1999 | 23.893 | 4.184 | 28.077 |
| 2000 | 24.938 | 4.400 | 29.338 |
| 2001 | 25.897 | 4.639 | 30.536 |
| 2002 | 26.912 | 4.823 | 31.735 |
| Balanced Budget Act | | | |
| 1996 | 20.094 | 3.445 | 23.539 |
| 1997 | 18.771 | 2.648 | 21.419 |
| 1998 | 19.409 | 2.731 | 22.140 |
| 1999 | 20.137 | 2.793 | 22.930 |
| 2000 | 20.893 | 2.907 | 23.800 |
| 2001 | 21.607 | 3.012 | 24.619 |
| 2002 | 22.453 | 2.978 | 25.431 |

Source: Joint Committee on Taxation.

Mr. NICKLES. Mr. President, what this chart shows is that the President did not make any spending cuts in his first 3 years whatsoever, none. He did have significant tax increases, actually, the largest tax increase in history. But the bulk of the so-called deficit reduction was technical changes, economic changes and debt service savings, in other words, reductions that were not the result of his policies.

But I wanted to note, of that $500 billion in so-called deficit reduction, in the first 3 years there were no spending cuts. Actually, spending increased over the CBO baseline $4 billion in 1993, $9 billion in 1994, $3 billion in 1995. So now, those facts are in the record. Also, we heard the President say in one press conference that he wanted to balance the budget. He mentioned the word ''balanced budget'' 16 times in a recent short press conference. As a matter of fact, he has mentioned several times about his desire to balance the budget.

As a candidate in 1992, he said that he would submit a 5-year plan to balance the budget. On May 20 of this year he said, ''I think balancing the budget clearly can be done in less than 10 years.'' In June he said, ''It's going to take a decade to wipe out the deficit.'' In October he said that ''We could reach it,'' balancing the budget, ''in 7 years.'' Also, in October he said, ''We can do it in 8 years.'' Also, in October he said, ''We can do it in 9 years.'' The President has been all over the lot on how long it would take to balance the budget.

The point is, Republicans actually have a bill—not a statement—we have a bill before us which, if enacted, will balance the budget in 7 years. I think that is real. It is significant. It is substantive.

Now, I heard some of my colleagues on the floor say, ''Well, if we enact your plan, it is going to devastate Medicare, it is going to devastate Medicaid, and it is going to give all these wealthy people big tax cuts. They say that we are going to cut these programs and transfer more wealth to the wealthy.''

That is totally, completely, irrefutably false. And I will put the facts in the record to prove it. But first, I want to talk about these cuts for a second.

For example, Medicare spending rises under our plan. This year it is $178 billion. In the year 2002, it is $293 billion. That happens to be a 65-percent increase. Not a decrease, an increase. Medicaid spending rises from $89 billion to $122 billion. That is a 37-percent increase. Overall mandatory spending increases from $739 billion to over $1.93 trillion. That is a 48-percent increase.

Maybe we did not cut spending enough. Those are big increases. Today we are spending about $1.5 trillion. In 7 years, we are going to spend $1.85 trillion. In other words, spending increases every single year.

Do we slow the growth of spending down? Yes. Do we make these programs grow at more affordable rates? Yes. Do we offer some tax relief for middle-income Americans? Yes. Should we make apologies for that? I say definitely not.

I think this package that we have put together is a fair package. I think it is a good package.

Also, I have to say, Mr. President, we have to compare it to the President's budget. What has he submitted as his plan? In January 1995, he submitted a budget that never came into balance. His budget actually had deficits rising substantially.

He submitted a revised budget in June. According to CBO, the deficits in his new budget go up as well. Let me give you his deficit figures. This year, the deficit was $164 billion. Under the President's plan, it rises to $210 billion in the year 2002.

Our budget has a surplus in the year 2002 of $4 billion. We actually balance the budget in 7 years. The President's budget deficits continue to escalate to over $200 billion for as far as the eye can see. That is the difference in our visions for the future.

Those are the only two proposals on the table. I might mention, the President's proposal was about 20 pages on a fax machine. Not a significant, substantive document. It was more a theoretical document. We have a real budget that says if we curb these entitlement programs and make other spending cuts, we are going to have a balanced budget.

Republicans are going to change budget laws. We did not balance the budget under President Reagan, and I love President Reagan. We did not do it under President Bush, and I think very highly of President Bush. But we never had the votes or the courage to curtail the growth of entitlement programs.

Some of these programs are exploding in cost. Over the last several years Medicaid grew at 28, 29, 30, 31 percent. The earned-income credit grew from $2 billion in 1985 to $23 billion in 1994. That is an unbelievable growth rate, 11 times what it was just 9 years ago. In other words, we had a lot of entitlement programs just exploding in cost.

Now, for the first time, we are curtailing the growth of those programs. Some people say we are slashing those programs. I take issue with that.

Medicare is probably the one issue that has been demagogued by opponents of this package more than any other. I mention, in our budget, that in 1995 in Medicare we spend $178 billion. By the year 2002, we spend $293 billion. That is a 65 percent increase.

Mr. President, what is shocking—I hope my colleagues on the other side of the aisle will look at this chart—as I compare the spending that we propose in Medicare every year to the spending proposed in the President's June budget—and I find very, very little difference. Under our proposal, Medicare grows at an annual rate of 7.4 percent. Under the President's proposal, Medicare grows at 7.5 percent.

Under our proposal, for which we are being lambasted so much—I heard people say we are killing Medicare and we are being unfair to senior citizens—actually, our budget proposes spending more in the year 2002 than the President's proposal in Medicare. That is kind of surprising.

My point is, these cuts are not draconian, they are not drastic. Somebody said, ''The Republicans are trying to cut Medicare $270 billion and the President is only trying to cut $124 billion.''

The President uses different economic assumptions. He assumes the health care costs are going to grow at a slower rate than we do on the Republican side.

Our point is that we are using the Congressional Budget Office. I might mention, President Clinton originally said that he would use the Congressional Budget Office. It does make a difference. Over a 10-year span, the President's budget comes to balance by assuming a more favorable economic situation that equals $475 billion more that he would like to spend.

But the President, in his State of the Union Address in 1993, explained to Congress why he used CBO numbers to score his budget proposal. He said:

> I did this so that we could argue about priorities with the same set of numbers. I did this so that no one could say I was estimating my way out of this difficulty. I did this because if we can agree together on the most prudent revenues we're likely to get if the recovery stays and we do the right things economically, then it will turn out better for the American people than we say.

The President was right: We should use the same numbers. But unfortunately, now he is trying to estimate his way out of difficulty.

We need to balance the budget. We need to make difficult decisions. It is not always easy to do, but I think we have a very balanced proposal, one that does not inflict undue paid. Somebody said, ''Oh, look at all the pain.'' I do not see pain in this proposal. I see us doing what we should do.

Let us look at Medicare. My Democrat colleagues on the Finance Committee offered to cut Medicare part A, the hospital portion, by $89 billion. They offered that as an amendment on the floor too. So we basically agree on the amount of cuts on hospitals.

Then they said, ''Republicans are trying to raise premiums on part B beneficiaries, the doctor portion.'' What do we really do? We keep the premium rate at 31.5 percent of program costs. That is what the beneficiaries pay today. That is fair; that is reasonable. The program started out at 50 percent. Keeping it at 31.5 percent, I think, is fair.

Do premium costs increase? Yes, but they increase under the President's proposal too. As a matter of fact, the President's increase in part B premiums follow right along with ours. There is only, I think, a $5 difference in the year 2002 in premiums. What he did not tell people is, ''Present law goes down to 25 percent, and I am going to take credit for that and really lambaste and demagog the Republicans.''

The fact is, keeping premium levels at 31.5 percent is fair. We also say wealthier people should pay a little more. We should not be asking everybody who is making $20,000 to be subsidizing wealthier people on their part B premium.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. NICKLES. I ask unanimous consent for 2 additional minutes.

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

Mr. NICKLES. We also made some tax changes that are fair to American families. I have heard a lot of colleagues say, ''Well, that's not fair.'' The heck it is not. We are giving tax relief to individuals and families who have kids, a $500 per child tax credit. Somebody says that does not mean very much. Well, I disagree. I only have one child now who would qualify, because they have to be under the age of 18. I used to have four kids who would qualify.

A lot of American families need help. Four kids is $2,000 in tax relief. That is targeted toward the American family. That will help. An individual or couple who has two kids gets $1,000. That is $1,000 that they get to spend on themselves instead of sending it to Washington, DC, to have politicians spend on a multitude of items.

It is the idea that they can choose. They may want to spend it on education or a home or transportation or to buy food or pay utilities. We want to let families make that decision, not the Government.

We have targeted the bulk of tax relief to American families. We did it with the inheritance tax; we did it with the child credit; we did it with IRA savings accounts; we did it with medical savings accounts.

Mr. President, I think this is a balanced package, it is a good package, and it is the only package we have before us that will balance the budget.

We said we were going to do it. We are going to do it. I think what we are doing is vitally important. I thank the manager of the bill and I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Nebraska.

Mr. EXON. Mr. President, I yield 15 minutes to the Senator from Massachusetts.

Mr. KERRY. I thank the Chair and the distinguished minority manager of the bill.

Mr. President, I just heard one speaker say that this will be the most important vote in the Senate in 15 years. I respectfully disagree. I think the most important vote in the Senate in 15 years will be the vote when we return with a reconciliation package that has been negotiated and which fairly reflects the administration, the minority and the majority in the Senate, as an expression of all of our desires to balance the budget. That will be the most important vote. But I do not want to quibble or deny the notion that this is not an important statement.

I would like to say that, from at least this Senator's perspective, our colleagues on the other side of the aisle deserve credit. I think it is appropriate for us to talk more honestly about what is at stake here and, perhaps, depart from some of the partisan rhetoric, though it is hard because of the circumstances.

The fact is that the majority is proving what many of us said as we opposed the balanced budget amendment. What we said was that we do not need an amendment, we simply need legislators with the courage to balance the budget. And indeed, the Republicans have picked up that challenge and they deserve credit for having returned to the floor with a budget that, in their view, expresses their values and their direction for the country.

So they are offering a balanced budget. Regrettably, their choices, which are more unilateral than most of us would have hoped we would arrive at because in effect it represents exclusively the Republican House and Republican Senate to the exclusion of most of the efforts of the rest of us. Theirs is a statement of values. Their budget sets forth the Gingrich-Republican view of how America ought to be. And the fact that some of us oppose that view does not mean that we oppose coming to the floor and voting for a balanced budget.

I will vote ''no'' on this view of America, with the hopes that after the President has vetoed it we will return with a more compromised, centrist, and hopefully more diverse, shared view of where this country should go in this important statement of a budget.

It is my hope that many of us who want to balance the budget and do it responsibly, with a fair reflection of the values of this country, will have an opportunity to do so after the real negotiations take place.

Mr. President, I have already voted for a balanced budget. It was the so-called CONRAD plan. It was a plan that I did not agree with every part of, but I think it was far more fair than the plan or any other plan that we have had on the floor. It was a plan that gave tax breaks to middle-class working families. It closed tax loopholes, reduced corporate welfare. But instead, in this plan we are now confronted with, contrary to the fairness that we tried to achieve previously, the Republicans are raising $32 billion worth of taxes from Americans earning less than $30,000 a year.

I voted for a balanced budget plan that was honest about the need to do something about Medicare. I agree with my colleagues. There has been a lot of heightened rhetoric about it. The truth is that we have to restrain the growth on entitlements generally, and we have to retain the growth particularly in Medicare and Medicaid the fastest-growing portions of the budget. I voted for a budget, Mr. President, that was fair in what it asked seniors to do in sharing that burden. It saved the Medicare plan without cutting twice as much as we need to, twice as much as is currently reflected in this budget. I voted for a commonsense reduction in Medicare to save the system. The Republicans are essentially, in order to give a tax cut, taking the heart out of Medicare with the $270 billion reduction.

I voted, Mr. President, for a balanced budget that would preserve access to health care for those people with disabilities, for pregnant women, and for children. While we reduced—in our budget—Medicaid by about $125 billion, the Republicans have come to the floor with a budget that reduces it by $182 billion over 7 years.

I voted for a balanced budget that invested in our children's education. It saved educational access, vital for job growth and competitiveness. But the Republicans now want to cut student loan programs by more than $5 billion, at a time when it is harder and harder for average Americans to send their kids to college. They also are going to wind up taking 1.8 million kids off of student loan rolls, and reducing by 1,250 the number of colleges that can participate in a direct lending plan. That is good for banks, Mr. President, but it is not good for students or for our colleges.

I voted for a balanced budget that would feed hungry children in this country, and it added back more than half of the funds for food and for children. But instead the Republicans are going to slash $46 billion over the next 7 years that would leave literally millions of children hungry in this country.

I voted for a balanced budget that would honor the service of veterans, not leave them scot-free, because we did in our budget reduce veterans' payments by about $5 billion, but the Republicans want to recklessly cut those

programs in a way that may close 35 of 170 hospitals, and certainly five next year.

Mr. President, this budget process is the truest statement about any party's priorities or any individual's sense of what is fair. The bottom line is that this budget is about people. With this Republican budget tonight, they reverse some 60 years of a certainty that was built into the fabric of the American political structure—a certainty that our senior citizens would not grow old and be left with nothing—a certainty that families would be part of a community and that we would care for people, even if they were in the street, even if they were suffering or in need of help.

I wonder whether this budget is really representative of what America has become in 1995, because if it is, then I think this Senate will long be remembered as the Senate that took away the good part of the certainty of American life, not the bad part, not the part that we know with respect to welfare and other programs has distorted values. I am talking about the good part, the part that allowed people to lift themselves up by their bootstraps, that allowed people in a nursing home to not have to get rid of every cent they had in order to stay there, the part that guaranteed that we are not going to suddenly have seniors strapped into wheelchairs again because nursing home standards are lifted. Those were certainties that we built into American life.

This budget takes away those certainties, Mr. President. With this budget, thousands and thousands of women and children, our fellow citizens, thousands of families, thousands of seniors, who are struggling to pay for food or pay for health care, or simply meet the rent or save something for the future, they will be hurt. As my friend from North Dakota pointed out, they will be hurt in juxtaposition to countless millions of people who do not need that help, who will be helped.

This budget violates everybody's fundamental sense of fairness, Mr. President. And that is something that we ought to care about as we care about the fabric of values and of life in this country.

There will, as a result of this budget, no longer be a certainty in America that children will not go hungry. There will no longer be a certainty that an elderly widow in a Massachusetts hospital will not lose everything that she has. There is no longer a certainty that their children, who are already struggling, getting more and more behind, will be able to pay for her care without jeopardizing their future.

There is no certainty in this budget that American children will get a better shot at a decent education or a better shot at a job, and there is no certainty that a pregnant mother or a disabled veteran will get the helping hand that we have always promised.

There is not even the certainty that our drinking water will get cleaner or our wilderness will be protected or that toxic waste will be cleaned up or that we will hand down to our children a better country, Mr. President.

I think the least we can do in a budget is express our responsibility to protect the certainties that those who came to this floor before us fought for.

I can only say to my colleagues who tell us this budget is a sure thing that in the words of Robert BURNS, ''There is no such uncertainty as a sure thing.''

This budget will create uncertainties, uncertainties with respect to the environment, uncertainties with respect to people's capacity to strive to make the best of their own opportunities to get an education, to try to touch the new marketplace.

Mr. President, there is an enormous giveaway to mining companies in this budget. There is oil drilling in the Arctic National Wildlife Refuge. There are water subsidies to America's largest agricultural corporations. There is a royalty exemption from oil leases in the Gulf of Mexico. There are lots of little goodies in this budget which do not speak to the issue of fairness in this country.

I might just say, Mr. President, with respect to some of the most important things we hear talked about on the Senate floor, values with respect to children, this budget is not friendly.

We have heard a lot of talk about the number of children who are born out of wedlock, the number of kids who desperately need an opportunity through Head Start, or who desperately need a hot lunch. This budget creates an enormous shift of wealth from those who are at the lower end struggling to make ends meet and working families, not people on welfare but working families, and it takes that wealth from those struggling and gives it to people at the upper end who do not need it.

Mr. President, in the name of fairness, I am pleased that the President has said he will veto this budget. The most important vote will be the vote that occurs after we have the negotiations that will take place in the next weeks, and I hope it will not take longer than weeks. It is my fervent plea in the course of that process more voices of America be heard and reflected in our budget.

Again, I say, Mr. President, there are many on this side of the aisle who looked forward to the ability to be able to help shape that process. It is our hope we will join together around reasonable figures, perhaps some combination of CBO or OMB—figures that are reasonably arrived at and reflect the future economic growth of this country, and that we will use those figures to come up with an intelligent budget that all of us can take to America as we ask people to share the sacrifices necessary to balance the budget.

It is my hope that day will come soon. That will be the most important vote in the U.S. Senate. I yield back my remaining time to the Senator from North Dakota.

Mr. CONRAD. Mr. President, this is a critically important debate. It ought to be informed, I think, by fact and reason and by law.

Mr. President, we have heard a lot of talk that what we have before us is a balanced budget. The fact is, the law says something different. The law says we do not have a balanced budget before the Senate.

That is because if you look at subtitle C of Social Security, the off-budget status of Social Security trust funds, it makes very clear that Social Security surpluses are not to be included in any calculation of the deficit.

The only way the Republican plan achieves balance is to use every penny of Social Security surplus generated between now and the year 2002 —$636 billion of Social Security surplus funds will be raided so that the Republicans can claim their plan is balanced.

Mr. President, this is not just my view. This is, in fact, the certification from the Congressional Budget Office. We have been through this debate before, and on October 20, Senator DORGAN and I asked the head of the CBO, if we follow the law, a law that 98 Senators voted for, and excluded Social Security surpluses, what would the deficit look like in 2002 under the Republican plan?

The head of the CBO responded by saying the deficit in 2002 under the plan presented would be $105 billion.

In the conference committee that number has grown. We now have a deficit in the year 2002 under this plan, if we obey the law, of $111 billion. I think it is important to make that point for the record.

This chart shows the looting of the Social Security trust fund that will go on during this period, from 1996 to 2002. These are the yearly totals that will be taken of Social Security surplus funds. This is the total over the 7-year period—$636 billion.

Mr. President, we have heard from the other side assertions that the Democrats have no alternative balanced budget plan. It makes me wonder where some of our colleagues have been. We have had a series of alternatives offered on the floor of the Senate.

The one I was most deeply involved in was the Fair Share balanced budget plan we offered during the budget resolution. It was an honest balanced budget plan but with a substantially different set of priorities than those contained in the Republican plan.

Let me talk about some of the differences. The Fair Share Plan balanced the budget, without counting Social Security surpluses, by the year 2004—9 years without counting any Social Security surpluses. It produces more deficit reduction in 2002 than the Republican plan.

In fact, the Fair Share Plan that 39 Democrats in this body voted for had $100 billion more in deficit reduction than the Republican plan.

At the same time, it had a substantially different set of priorities than the Republican balanced budget plan. The Democratic balanced budget plan restored $100 billion of the $270 cut in Medicare.

I know many on the other side of the aisle have said they are not cutting Medicare. I ask them this simple question: If they are not cutting Medicare, how is it that they have achieved $270 billion of savings from what current law provides in Medicare? How can it be, if they have not cut anything, that they have saved $270 billion over the next 7 years? Of course they have cut. They have cut in quality and service what our seniors will receive through that program.

Some say, ''I hear the Republicans saying they are spending more money on Medicare.'' Yes, that is true. They are spending more money. Of course they are spending more money. There is 7 years of medical inflation that has to be covered. Medical inflation is growing at three times the rate of normal inflation.

In addition, there are 5 million new people who are going to be eligible for Medicare during this 7-year period. So of course they have to spend more.

But the fact is, they are not spending as much more as would be required in order to provide the same level of quality and services as the current program provides. That is why they have $270 billion of savings out of the Medicare Program. But those savings are going to mean less quality, less service to seniors than the services and quality of service they receive now.

In addition, the draconian changes that the Republicans have proposed for Medicare are going to mean we are going to have rural hospitals all across America forced to close. In my own State, the hospital association tells me 26 of the 30 rural hospitals are going to negative margins on their Medicare-eligible patients. Of course, most of their patients are Medicare eligible. That means many of those hospitals will be forced to close. That is the harsh reality of what is being proposed here.

Do we need to generate savings out of Medicare in order to balance the budget over 7 years? Absolutely. But $270 billion of reductions is too much. It is draconian. It is extreme. It will have severe consequences.

The plan that 39 Democrats voted for restored $100 billion of the $270 billion of cuts in the Republican plan. In addition, we restored about $40 billion of the cuts to Medicaid. Let me just indicate, we now have a new analysis from Consumers Union that indicates we are going to see 12 million people lose their medical coverage because of the serious reductions to the Medicaid Program provided for in this Republican plan.

Education? The plan that 39 Senate Democrats voted for did not cut education. We did not have a dime of cuts in education because we believe education is the future. If there is one place that should not be cut it is those funds that make it more possible for people to develop their full potential through education and all of the opportunities that education creates, not only for the individual but for all of the rest of us who benefit from what people are able to achieve who have gotten as much education as they possibly can.

Nutrition and agriculture? We restored $24 billion in order to have less of a cut to food programs and to agriculture programs. Let me just say with respect to agriculture, the Republican program is to indicate they are going to kill all agriculture programs after 7 years. They have now come forward and admitted what their plan really is. We will not have an agriculture program after 7 years. They are destroying the foundation of the agriculture programs of this country by ending the authorization that exists in law that has been there since 1938.

Let me just say, the Republican plan for agriculture is not a plan for American farmers. It is a plan for the French farmer. It is a plan for the German farmer. It is a plan for the farmers of every country with whom we compete, because that is who is going to benefit from the Republican farm plan.

One of the ways we were able to have a balanced budget that 39 Democrats voted for and to be able to restore some of the draconian spending cuts contained in the Republican plan, was to eliminate tax cuts. We did not have any tax cuts. Because under the Republican plan, disproportionately those tax reductions go to the wealthiest among us.

I just do not think it makes much sense to say to somebody who is in the top 1 percent of income earners in this country, you get a $10,000 tax reduction, but if you are somebody who is earning less than $30,000 a year who qualifies for earned-income tax credit, you are going to get a tax increase.

Mr. President, 7.7 million families in America under the Republican plan are going to get a tax increase. Those who are at the top of the income ladder, the top 1 percent on average are going to get a $10,000 tax cut. I do not know how they justify it. It is not my idea of targeted tax relief. But that is in this plan.

Finally, in the Fair Share plan that 39 Senate Democrats voted for, we asked the wealthiest among us to participate in this battle to reduce the budget deficit. We asked them to curtail the growth of the tax entitlements that they primarily benefit from. If we are going to reduce the growth of the spending entitlements, and we must, then why not reduce the growth of the tax entitlements, $4 trillion of tax entitlements? It is the biggest single pot of money in the whole Federal budget.

This chart shows entitlement spending from 1996 to 2002. Tax entitlements, $4 trillion—much bigger than the next biggest entitlement, Social Security. That is nearly $3 trillion over the next 7 years. Medicare is $2 trillion over the next 7 years, and Medicaid is about $1 trillion. But the biggest one of all is the tax entitlements, the tax preferences, the tax loopholes.

We say if we are going to reduce the rate of growth of the spending entitlements, let us reduce the rate of growth of the tax entitlements as well. Let us reduce that growth to inflation plus 1 percent.

Our friends on the other side say there is no tax entitlement, no tax preference, no tax loophole that we want to close. We want to keep them all. We think they are all valid. We think they are all essential.

We, on our side of the aisle, do not.

Mr. President, these are critical issues that will be decided for the first time tonight. But I think we should all remember, the President is going to veto this bill, as he should, and then the real debate is going to begin. Then the real discussion, the real negotiation will start.

One of the key issues will be, should we really be providing a tax cut when we are adding $1.8 trillion to the debt under this Republican plan? That is what is going to happen. We have $5 trillion of debt now. Under this plan, we are going to add another $1.8 trillion, which means every penny of this tax cut is going to have to be borrowed money.

Does that make sense to anybody in this country? We have to borrow money in order to give a tax cut? Give a tax cut when we are adding $1.8 trillion to the debt? I thought the idea was to eliminate the growth of the debt, to reduce the growth of the debt. Why do we add to it?

Mr. President, I think one of the things we have to start focusing on is what is happening to the distribution of wealth in America, because what we have seen is a dramatic change. In 1969, the top 1 percent of households in America held about 20 percent of the wealth. In 1979, the top 1 percent had increased their share of the wealth of America to 30 percent. In 1989, the top 1 percent of the income earners in this country held nearly 40 percent of the wealth of this country.

The other side accuses those of us on this side of wanting to redistribute the wealth. Let me just say, our friends on the other side of the aisle are the champions at wealth redistribution. But their idea is to redistribute the wealth upwards, upwards in our society. The history of that kind of concentration of wealth is very clear. It leads to political instability and it leads to trouble. We should not allow that to occur.

U.S. News, in this quote from David Gergen, says:

> U.S. News & World Report reported last week . . . that the lowest 20 percent of the population would lose more income under these spending cuts than the rest of the population combined. At the other end, the highest 20 percent would gain more from the tax cuts than everyone else combined.

He goes on to say:

[N]o one disputes the basic contention that the burdens and benefits are lopsided. In a nation divided dangerously into haves and have-nots, this is neither wise nor justified.

Mr. President, David Gergen has it right, but he is not alone in this observation.

I will share with you the final part of my presentation, the observation of Kevin Phillips, Republican political analyst, who said:

If the budget deficit were really a national crisis instead of a pretext for fiscal favoritism and finagling, we'd be talking about shared sacrifice, with business, all industry and the rich, people who have the big money, making the biggest sacrifice. Instead, it's the senior citizens, it's the poor, students, and ordinary Americans who'll see programs they depend on gutted while business, finance, and the richest 1 or 2 percent, far from making sacrifices, actually get new benefits, and tax reductions.

The PRESIDING OFFICER. The Chair advises the Senator that his time has expired.

Mr. CONRAD. I thank the Chair. I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Michigan is recognized.

Mr. ABRAHAM. Mr. President, I yield 7 minutes to the Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Michigan.

Mr. President, if I might, I would like to pause for just a minute to comment on this historic moment and the opportunity to vote for the first balanced budget concept in over three decades and to outline the predicament, or the situation, that has prompted these actions on the part of the majority in the 104th Congress.

The bipartisan Entitlement Commission reported to the Congress and the President earlier this year that, without change, without modification, the totality of all U.S. resources will be exhausted by but five programs. Those five programs are Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt. And by the year 2006, which is not long—less than 10 years—there will not be enough resources to debate many of these programs we are responsible for in America. We will not be debating the School Lunch Program. There will not be one.

Five programs take all U.S. revenues, and in but 10 years—Social Security, Medicare, Medicaid, Federal retirement, and just the interest on our debt—and there is nothing left to fulfill the responsibilities of this great democracy to its own citizens and to the world.

The solution to avoid that predicament is to move to balanced budgets. All America knows this. It just seems that people in Washington are late arriving at the conclusion.

These balanced budgets that have been fashioned by the Budget Committee and the Finance Committee are absolutely mandatory to avert the disaster that is but 10 years away. The balanced budget deals with all but one of these problems. It, obviously, by balancing itself, quits adding debt and, therefore, lowers the interest payments. It begins to restructure Medicaid and send it to the States for more efficient management. It takes Medicare, which is destined to go bankrupt in but 6 years according to the President's own trustees, and restructures it in a way to guarantee solvency for a quarter of a century.

What a relief that must be to all the beneficiaries of Medicare to understand that these changes will give them more choices, but, more importantly, give them a program that is solvent for a quarter of a century.

It begins to deal with the subject of Federal retirement. And Social Security is not dealt with directly, but I would say indirectly it is, because it has engaged the Nation in the discussion of entitlements and their solvency and their future.

Mr. President, what are the benefits if the Nation seizes the responsibility of managing its financial affairs? They are just stunning. The average family in America will see the interest payment on its mortgage drop dramatically. It would save the average family which makes about $40,000 a year $1,000 a year on their mortgage. It would save the average family $180 a year on the car payment interest payments. It will save the average family another $200 a year because of all the other debt that they carry. If the average family has two children, it will have $1,000 removed of tax liability.

The bottom line here, Mr. President, is that the average family in America will have $2,000 to $3,000 of new disposable income in their hands instead of Washington's so that they can make choices about education, housing, and the health of their own families.

I have mentioned Ozzie and Harriet more than once here. When Ozzie was the quintessential family, he sent 2 cents of every dollar to Washington. If he were here today, he would be sending 24 cents of every dollar to Washington. We have marginalized the average family because of the tax pressures and tax burden. The most important thing we can do is lighten that financial burden on those families, give them options, and give them the opportunity to deal with the responsibility.

As I have listened to the debate, my good friend, the Senator from Nebraska, seems to feel that it is best for Ozzie to send the money here, and for us to decide what is good or not for their family. Wrong. Wrong. They want the opportunity to make the decisions about what is best for their families.

Under this proposal, the families of 51 million American children, or 28 million tax-paying families, are eligible for the $500 per child tax cut. Under this proposal, 3½ million families will have over $2.2 billion in tax relief. Millions of American families will be taken off the tax rolls altogether.

What is the President's response about balancing the budget? First and foremost, he opposed the balanced budget amendment. Secondarily, he said he would balance the budget in 5 years when he ran for President. That is a long-forgotten promise. Then he said he would send us a balanced budget in 10 years. And by everybody's estimate, that budget never balances. And when it was put to a vote in this Senate, it failed 100 to nothing. How much more discredited could a budget proposal be?

Mr. President, I yield the floor with this conclusion. This whole battle is about balancing the budget. This new Congress wants to do it. The President does not. America should tell the President now is the time to balance our budget.

I yield the floor.

Mr. EXON. Mr. President, I yield 2 minutes to the Senator from Rhode Island.

Mr. PELL. Last week, the National Goals Panel issued an extensive report on the progress American schools are making towards meeting the national goals. That report was a mixed one. We have made gains in areas such as mathematics achievement and making sure that our children enter school ready to learn. In other areas, such as reading achievement and teacher preparation, we are only holding our own. And in some areas, most notably safe and drug free schools, our problems appear to be growing.

In my opinion, there is a clear conclusion we can draw from this report. This is not the time to either relax or diminish the small, but critical Federal role in education. Quite to the contrary, it is time to strengthen our commitment if we are to sustain the gains we have made, move off of dead center in other areas, and reverse the decline in still others.

Most clearly, this is not the time to have the largest education cut in our history. It is not the time to risk a 30-percent cut in Federal education spending over the next 7 years. It is not the time to freeze the title I program and halt progress in basic skills achievement. It is not the time to cut spending on education reform. And, it is definitely not the time to reduce our commitment to safe and drug free schools.

With respect to higher education, I believe deeply that we should not put our student aid programs at risk. Yet, that is precisely what the Republican budget does. If we cut education by more than 30 percent over the next 7 years, it is clear that every education program will be in harm's way. We have already engaged in a hard-fought battle to protect students and their families from cuts in the guaranteed student loan program, and I am pleased that in large part, we have been successful.

While I had reservations about the Direct Loan Program when it was originally proposed, I am encouraged by how well the program has operated

in its initial stages. Students are getting their loans more quickly and with less problems. The competition between direct lending and the regular guaranteed loan programs has also produced dramatic improvements in the private sector program. Because of this, I believe it unwise to move back and place a 10 percent cap on direct lending. This would mean that between two-thirds and three-fourths of current direct lending schools would be dropped from the program, and to my mind, that would be most unfortunate.

I also fear that we will face difficult battles with respect to our other student aid programs, and that Pell grants, supplemental grants, Perkins loans, college work study, and the TRIO programs could well be placed on the chopping block.

Mr. President, education is a capital investment in our future. The climb up the economic ladder for American after American is directly related to their level of educational achievement. Every study we know shows a correlation between an educational attainment and an increase in income. If we pull back on education, we pull back on the American people. That is not the direction in which we should be moving.

I agree wholeheartedly with President Clinton when he says that, today, we face both a budget deficit and an education deficit, and that both must be addressed.

I favor reducing the budget deficit. I do not favor doing it on the backs of senior citizens, the unfortunate in our society, our children who need a good, solid general education, or our students and families who are already hard-pressed to make ends meet in paying for a college education.

In my view, one of the best ways we can reduce the budget deficit is through a strong and vibrant economy driven by a well-educated, well-trained work force. It is time that we increased our investment in education. It is not a time for retreat.

Mr. President, it is time to calm the shrill voices of partisanship that have echoed through our Chamber. It is time to move away from the abyss of brinkmanship. It is time for all parties to come together, and to fashion a budget that enjoys wide bipartisan support. For comity to be practiced. And most of all, it is time that we got on with governing in a way that the American people can respect.

STUDENT LOAN PROVISION

Mr. President, I want to call to my colleagues' attention and call into question an important student loan provision included in the budget reconciliation conference agreement reached by the majority without the involvement of the minority.

This provision with which I am concerned requires State guaranty agencies to use 50 percent of their reserves to purchase defaulted loans. Once purchased, the agency has 180 days before it can submit claims for reimbursement. The idea is that this will allow additional time to bring defaulters into repayment, thus decreasing the total amount of claims for reimbursement.

There are at least two problems with this provision. First, it appears to assume that these reserves are the property of the State guaranty agency and not the Federal Government. If that is the case, we may well be relinquishing any claim for almost $1 billion in outstanding and quite possibly excess reserves that are Federal property and could be returned to the Federal Government to produce savings in the guaranteed student loan program.

If we assume they are not the property of the State guaranty agency, then we are simply permitting Federal funds to be used to purchase defaulted loans guaranteed by the Federal Government in the first place. If this is the case, we will be engaging in a shell game that produces illusory savings.

Second, the provision allows defaulted loans that are purchased with these funds to be considered reserves. This diminishes the required reserve ratio, also reduced in this legislation, used to help determine whether or not an agency is strong and solvent. It would quite possibly allow an otherwise bankrupt agency to use defaulted loans as assets to meet the decreased reserve ratio. To my mind, this is not good public policy.

Further, in my view, it is difficult, under any circumstance, to see how a defaulted loan can be construed as an asset. This is potentially bad paper. We may never be able to collect the debt, and yet under this provision, Federal law would decree that a defaulted loan, a debt, is an asset.

Requiring agencies to purchase defaulted loans with reserves that may or may not be their property is a roll of the dice. They may well be bad investments with minimal chance of collection. To say that they should be considered assets is, to my mind, very unwise. And, to take the chance that they also take reserves out of the reach of the Federal Government is equally imprudent.

Also, I am concerned that during the 180-day period that State guaranty agencies hold the defaulted loans, the Federal Government may well continue to pay special allowance and other interest payments on these loans. I wonder whether or not this produces an unwarranted windfall for these agencies by giving them income on a defaulted loan.

Finally, I would point out that had we had the opportunity to be involved in the budget reconciliation negotiations between the House and Senate, this would have been pointed out at the staff level. Unfortunately, for the first time in seven reconciliation and budget reduction conferences involving the guaranteed student loan program, the minority was not permitted to come to the table and make its case. This is an unfortunate departure from the bipartisanship that has been the traditional practice in education, and in this instance, I am afraid it has resulted in a highly questionable provision.

SUBMITTING CHANGES TO THE BUDGET RESOLUTION REVENUE ALLOCATIONS

Mr. DOMENICI. Mr. President, upon the submission of a conference report on a reconciliation bill, section 205(b) of House Concurrent Resolution 67 requires the chairman of the Senate Budget Committee to appropriately revise the budgetary allocations and aggregates to accommodate the revenue reductions in the reconciliation bill conference report.

Pursuant to section 205(b) of House Concurrent Resolution 67, the 1996 budget resolution, I hereby submit revisions to the first- and five-year revenue aggregates contained in House Concurrent Resolution 67 for the purpose of consideration of H.R. 2491, the Balanced Budget Act of 1995, and ask unanimous consent that the revisions be printed in the RECORD.

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

| | 1996 | 1996–2000 |
|---|---|---|
| Current revenue aggregates | $1,042,500,000,000 | $5,691,500,000,000 |
| Revised revenue aggregates | 1,036,780,000,000 | 5,543,726,000,000 |

The Congressional Budget Office has reviewed the conference report on H.R. 2491, and has certified that the enactment of the Balanced Budget Act of 1995 would produce a small budget surplus in 2002.

Mr. EXON. Mr. President, I believe that the majority's desire to include tax breaks in this bill has caused two points of order to lie against this bill.

It has long been my belief that the tax breaks have been the tail that has wagged this dog of a budget. They have driven the majority to make extreme cuts in Medicare and education.

And their desire for tax breaks for the wealthy has also driven the majority to jump through some pretty high procedural hoops. I hope to demonstrate over the next few minutes that the majority has abused the budget reconciliation process and violated the conditions of the budget resolution to pave the way for these misguided tax breaks.

The budget resolution that created this budget reconciliation bill provided that the majority could cut taxes if and only if two conditions were met: One, they had to balance the budget in 2002. And, two, the reconciliation legislation had to ''compl[y] with the sum of the reconciliation directives for the period of fiscal years 1996 through 2002'' in the budget resolution. These two conditions are plainly spelled out in section 205 of the budget resolution. I ask unanimous consent that the full text of section 205 of the budget resolution be printed in the RECORD.

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

**SEC. 205. BUDGET SURPLUS ALLOWANCE.**

(a) CBO CERTIFICATION OF LEGISLATIVE SUBMISSIONS.—

(1) SUBMISSION OF LEGISLATION.—Upon the submission of legislative recommendations pursuant to section 105(a) and prior to the submission of a conference report on legislation reported pursuant to section 105, the chairman of the Committee on the Budget of the Senate and the House of Representatives (as the case may be) shall submit such recommendations to the Congressional Budget Office.

(2) BASIS OF ESTIMATES.—For the purposes of preparing an estimate pursuant to this subsection, the Congressional Budget Office shall include the budgetary impact of all legislation enacted to date, use the economic and technical assumptions underlying this resolution, and assume compliance with the total discretionary spending levels assumed in this resolution unless superseded by law.

(3) ESTIMATE OF LEGISLATION.—The Congressional Budget Office shall provide an estimate to the Chairman of the Budget Committee of the Senate and the House of Representatives (as the case may be) and certify whether the legislative recommendations would balance the total budget by fiscal year 2002.

(4) CERTIFICATION.—If the Congressional Budget Office certifies that such legislative recommendations would balance the total budget by fiscal year 2002, the Chairman shall submit such certification in his respective House.

(b) PROCEDURE IN THE SENATE.—

(1) ADJUSTMENTS.—For the purposes of points of order under the Congressional Budget Act of 1974 and this concurrent resolution on the budget, the appropriate budgetary allocations and aggregates shall be revised to be consistent with the instructions set forth in section 105(b) for legislation that reduces revenues by providing family tax relief and incentives to stimulate savings, investment, job creation, and economic growth.

(2) REVISED AGGREGATES.—Upon the reporting of legislation pursuant to section 105(b) and again upon the submission of a conference report on such legislation, the Chairman of the Committee on the Budget of the Senate shall submit appropriately revised budgetary allocations and aggregates.

(3) EFFECT OF REVISED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates submitted under paragraph (2) shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this resolution.

(c) CONTINGENCIES.—This section shall not apply unless the reconciliation legislation—

(1) complies with the sum of the reconciliation directives for the period of fiscal years 1996 through 2002 provided in section 105(a); and

(2) would balance the total budget for fiscal year 2002 and the period of fiscal years 2002 through 2005.

Mr. EXON. Section 205 of the budget resolution gives the majority the authority to lower the revenue floor in the budget resolution. Without section 205, the majority would violate the revenue floor in the budget resolution by including tax cuts in this bill.

But the facts are that the conference report before us today fails to meet the two conditions in section 205 for including tax cuts. The budget resolution directed committees to come up with $632 billion in deficit reduction over the next 7 years in order to be allowed to include tax cuts in this bill. The bill before us includes only $577 billion in spending cuts, plus $3.7 billion in revenue increases in the jurisdiction of a committee with instructions to increase revenues, for a net of $581 billion in deficit reduction.

That is $51 billion short of the amount committees were instructed to achieve by the budget resolution. The bill is thus $51 billion short of the amount necessary to allow the chairman of the Budget Committee to lower the budget resolution's revenue floor to allow for the tax breaks.

As a consequence, the tax cuts cause this bill to violate the budget resolution's revenue floor.

Therefore, Mr. President, a point of order should lie against this conference report because it violates section 311(a) of the Congressional Budget Act of 1974.

Mr. President, I ask unanimous consent that the full test of the CBO cost estimate on this bill be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, November 16, 1995.*

Hon. PETE V. DOMENICI,
*Chairman, Committee on the Budget, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the conference report on H.R. 2491, the Balanced Budget Act of 1995, and has projected the deficits that would result if the bill is enacted. These projections use the economic and technical assumptions underlying the budget resolution for fiscal year 1996 (H. Con. Res. 67), assume the level of discretionary spending indicated in the budget resolution, and include changes in outlays and revenues estimated to result from the economic impact of balancing the budget by fiscal year 2002 as estimated by CBO in its April 1995 report, An Analysis of the President's Budgetary Proposals for Fiscal Year 1996. On that basis, CBO projects that enactment of the reconciliation legislation recommended by the conferees would produce a small budget surplus in 2002. The estimated federal spending, revenues and deficits that would occur if the proposal is enacted are shown in Table 1. The resulting differences from CBO's April 1995 baseline are summarized in Table 2, which includes the adjustments to the baseline assumed by the budget resolution. The estimated savings from changes in direct spending and revenues that would result from enactment of each title of the bill are summarized in Table 3 and described in more detail in an attachment.

Sincerely,

JUNE E. O'NEILL,
*Director.*

TABLE 1.—CONFERENCE OUTLAYS, REVENUES, AND DEFICITS

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|---|
| Outlays: Discretionary | 534 | 524 | 518 | 516 | 520 | 516 | 515 |
| Mandatory: | | | | | | | |
| Medicare [1] | 196 | 210 | 217 | 226 | 248 | 267 | 289 |
| Medicaid | 97 | 104 | 109 | 113 | 118 | 122 | 127 |
| Other | 506 | 529 | 555 | 586 | 618 | 642 | 676 |
| Subtotal | 799 | 843 | 881 | 925 | 984 | 1,031 | 1,093 |
| Net interest | 257 | 262 | 261 | 262 | 260 | 254 | 249 |
| Total outlays | 1,590 | 1,629 | 1,660 | 1,703 | 1,764 | 1,801 | 1,857 |
| Revenues | 1,412 | 1,440 | 1,514 | 1,585 | 1,665 | 1,756 | 1,861 |
| Deficit | 178 | 189 | 146 | 118 | 100 | 46 | −4 |

[1] Medicare benefit payments only. Excludes medicare premiums.

[2] Notes.—The fiscal dividend expected to result from balancing the budget is reflected in these figures. Numbers may not add to totals because of rounding.

[3] Source.—Congressional Budget Office.

TABLE 2.—CONFERENCE BUDGETARY CHANGES FROM CBO'S APRIL BASELINE

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Total 1996–2002 |
|---|---|---|---|---|---|---|---|---|
| CBO April baseline deficit [1] | 210 | 230 | 232 | 266 | 299 | 316 | 349 | * |
| Baseline adjustments: [2] | | | | | | | | |
| CPI rebenchmarking [3] | 0 | 0 | 0 | −1 | −3 | −6 | −9 | −18 |
| Other adjustments [4] | 1 | 1 | 1 | 2 | 2 | 1 | 1 | 10 |
| Subtotal | 1 | 1 | 1 | 1 | −1 | −4 | −8 | −9 |

TABLE 2.—CONFERENCE BUDGETARY CHANGES FROM CBO'S APRIL BASELINE—Continued

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Total 1996–2002 |
|---|---|---|---|---|---|---|---|---|
| Policy changes: | | | | | | | | |
| Outlays: Discretionary [5] | | | | | | | | |
| Freeze [6] | −8 | −9 | −12 | −35 | −55 | −75 | −96 | −289 |
| Additional savings | −10 | −21 | −27 | −24 | −20 | −24 | −25 | −151 |
| Subtotal | −18 | −29 | −39 | −59 | −75 | −99 | −121 | −440 |
| Mandatory: | | | | | | | | |
| Medicare | −7 | −14 | −27 | −42 | −49 | −60 | −71 | −270 |
| Medicaid | −2 | −6 | −13 | −21 | −30 | −40 | −50 | −163 |
| Other | −8 | −18 | −20 | −24 | −25 | −24 | −25 | −144 |
| Subtotal | −17 | −38 | −60 | −87 | −104 | −125 | −146 | −577 |
| Net interest | −1 | −4 | −8 | −15 | −25 | −39 | −58 | −150 |
| Total outlays | −36 | −71 | −107 | −161 | −203 | −263 | −325 | −1,167 |
| Revenues [7] | 6 | 36 | 34 | 35 | 36 | 38 | 30 | 215 |
| Total policy changes | −31 | −35 | −73 | −126 | −167 | −225 | −295 | −952 |
| Adjustment for fiscal dividend [8] | −3 | −7 | −14 | −23 | −32 | −41 | −50 | −170 |
| Total adjustments and policy changes | −33 | −41 | −86 | −148 | −200 | −271 | −353 | −1,131 |
| Conference policy | 178 | 189 | 146 | 118 | 100 | 46 | −4 | * |

[1] Projections assume that discretionary spending is equal to the spending limits that are in effect through 1998 and will increase with inflation after 1998.
[2] The budget resolution was based on CBO's April 1995 baseline projections of mandatory spending and revenues, except for a limited number of adjustments.
[3] The budget resolution baseline assumed that the 1998 rebenchmarking of the CPI by the Bureau of Labor Statistics will result in 0.2 percentage point reduction in the CPI compared with CBO's December 1994 economic projections.
[4] The budget resolution baseline made adjustments related to revised accounting of direct student loan costs, expiration of excise taxes dedicated to the Superfund trust fund as provided under current law, the effects of enacted legislation, and technical corrections.
[5] Discretionary spending specified in the Concurrent Resolution on the Budget for Fiscal Year 1996 (H. Con. Res. 67).
[6] Savings from Freezing 1996–2002 appropriations at the nominal level appropriated for 1995.
[7] Revenue decreases are shown with a positive sign because they increase the deficit.
[8] CBO has estimated that balancing the budget by 2002 would result in lower interest rates and slightly higher real growth that could lower federal interest payments and increase revenues by $170 billion over the fiscal year 1996–2002 period. See Appendix B of CBO's April 1995 report, ''An Analysis of the President's Budgetary Proposals for Fiscal Year 1996.''

Notes.—*=not applicable; CPI=consumer price index.
Source.—Congressional Budget Office.

TABLE 3.—RECONCILIATION CONFERENCE SAVINGS BY TITLE

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|
| I—Agriculture: Outlays | −1.3 | −1.6 | −1.5 | −1.5 | −1.6 | −2.5 | −2.4 | −12.3 |
| II—Banking and Housing: Outlays | −5.2 | −0.1 | 0.2 | 0.1 | (1) | (1) | (1) | −4.9 |
| III—Communication and spectrum allocation: Outlays | −0.2 | −1.8 | −2.7 | −3.6 | −3.1 | −2.7 | −1.4 | −15.3 |
| IV—Education: Outlays | −1.0 | −0.5 | −0.5 | −0.7 | −0.8 | −0.8 | −0.8 | −5.0 |
| V—Energy and Natural Resources: Outlays | −0.6 | −2.3 | −0.4 | −1.1 | −0.7 | −0.6 | −0.5 | −6.2 |
| VI—Federal retirement: | | | | | | | | |
| Outlays | −0.5 | −1.1 | −1.0 | −1.6 | −1.1 | −1.1 | −1.1 | −7.5 |
| Revenues [2] | −0.2 | −0.4 | −0.6 | −0.6 | −0.6 | −0.6 | −0.7 | −3.7 |
| Deficit | −0.7 | −1.5 | −1.6 | −2.2 | −1.7 | −1.7 | −1.7 | −11.1 |
| VII—Medicaid: Outlays | −2.2 | −5.7 | −13.4 | −21.5 | −30.0 | −40.3 | −50.4 | −163.4 |
| VIII—Medicare: Outlays | −6.8 | −14.3 | −27.2 | −42.0 | −49.0 | −59.8 | −70.9 | −270.0 |
| IX—Transportation: Outlays | −0.1 | −0.2 | −0.1 | −0.1 | −0.1 | −0.1 | −0.1 | −0.8 |
| X—Veterans: Outlays | −0.3 | −0.4 | −0.5 | −1.3 | −1.4 | −1.3 | −1.5 | −6.7 |
| XI—Revenues: | | | | | | | | |
| Outlays | 0.0 | 0.0 | 0.0 | (1) | (1) | (1) | −0.1 | −0.1 |
| Revenues [2] | 5.9 | 37.3 | 35.6 | 37.4 | 38.6 | 39.9 | 32.4 | 227.1 |
| Deficit | 5.9 | 37.3 | 35.6 | 37.4 | 38.6 | 39.8 | 32.4 | 227.0 |
| XII—Teaching hospitals, asset sales, and welfare: | | | | | | | | |
| Outlays | 0.6 | −10.3 | −13.1 | −14.1 | −15.7 | −15.4 | −17.2 | −85.1 |
| Revenues [2] | −0.1 | −1.2 | −1.3 | −1.4 | −1.5 | −1.6 | −1.8 | −8.9 |
| Deficit | 0.5 | −11.5 | −14.4 | −15.4 | −17.2 | −17.0 | −19.0 | −94.0 |
| Interactive effects: Outlays | 0.0 | 0.0 | 0.0 | (1) | (1) | (1) | 0.1 | 0.1 |
| Total Outlays | −17.4 | −38.1 | −60.1 | −87.2 | −103.5 | −124.6 | −146.2 | −577.2 |
| Total Revenues [1] | 5.7 | 35.7 | 33.7 | 35.5 | 36.5 | 37.6 | 29.9 | 214.5 |
| Total Deficit | −11.7 | −2.4 | −26.4 | −51.8 | −67.0 | −87.0 | −116.3 | −362.6 |

[1] Less than $50 million.
[2] Revenue increases are shown with a negative sign because they reduce the deficit.

Sources.—Congressional Budget Office; Joint Committee on Taxation.

ATTACHMENT

DIRECT SPENDING AND REVENUE EFFECTS BY TITLE OF THE CONFERENCE REPORT ON H.R. 2491, THE BALANCED BUDGET ACT OF 1995, CONGRESSIONAL BUDGET OFFICE, NOVEMBER 16, 1995

ESTIMATED BUDGETARY EFFECTS OF TITLE I: AGRICULTURE AND RELATED PROVISIONS

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1990 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Changes in direct spending | | | | | | | | |
| Freedom to Far contracts in lieu of deficiency payments: | | | | | | | | |
| Estimated budget authority | −874 | −804 | −804 | −937 | −1,194 | −1,998 | −1,989 | −8,600 |
| Estimated outlays | −874 | −804 | −804 | −937 | −1,194 | −1,998 | −1,989 | −8,600 |
| Cap crop price-support loan rates: | | | | | | | | |
| Estimated budget authority | −16 | −85 | 35 | −70 | −49 | −55 | −38 | −108 |
| Estimated outlays | −16 | −85 | 35 | −70 | −49 | −55 | −38 | −108 |
| Cap 7-year cotton step-2 payments at $701 million: | | | | | | | | |
| Estimated budget authority | | 1 | 2 | 2 | 2 | −69 | −116 | −178 |
| Estimated outlays | | 1 | 2 | 2 | 2 | −69 | −116 | −178 |
| End cotton 8-month loan extension: | | | | | | | | |
| Estimated budget authority | | −55 | −5 | −5 | −5 | −2 | 0 | −72 |
| Estimated outlays | | −55 | −5 | −5 | −5 | −2 | 0 | −72 |

ESTIMATED BUDGETARY EFFECTS OF TITLE I: AGRICULTURE AND RELATED PROVISIONS—Continued

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1990 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| $40,000 payment limit per ''person'': | | | | | | | | |
| Estimated budget authority | −21 | −41 | −45 | −43 | −39 | −32 | −31 | −252 |
| Estimated outlays | −21 | −41 | −45 | −43 | −39 | −32 | −31 | −252 |
| Reform peanut program: | | | | | | | | |
| Estimated budget authority | | −95 | −69 | −69 | −67 | −68 | −66 | −434 |
| Estimated outlays | | −95 | −69 | −69 | −67 | −68 | −66 | −434 |
| Reform sugar program (increased assessments): | | | | | | | | |
| Estimated budget authority | | −8 | −8 | −8 | −9 | −9 | −9 | −51 |
| Estimated outlays | | −8 | −8 | −8 | −9 | −9 | −9 | −51 |
| End emergency feed assistance programs: | | | | | | | | |
| Estimated budget authority | −60 | −80 | −80 | −80 | −80 | −80 | −80 | −540 |
| Estimated outlays | −60 | −80 | −80 | −80 | −80 | −80 | −80 | −540 |
| End honey program: | | | | | | | | |
| Estimated budget authority | | | | −1 | −2 | | | −3 |
| Estimated outlays | | | | −1 | −2 | | | −3 |
| End farmer-owned reserve: | | | | | | | | |
| Estimated budget authority | | −18 | −18 | −18 | −18 | −18 | −18 | −108 |
| Estimated outlays | | −18 | −18 | −18 | −18 | −18 | −18 | −108 |
| Livestock Environmental Assistance Program: | | | | | | | | |
| Estimated budget authority | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 700 |
| Estimated outlays | 48 | 88 | 91 | 94 | 96 | 98 | 99 | 614 |
| Limit CRP to 36.4 million acres: | | | | | | | | |
| Estimated budget authority | | −41 | −118 | −109 | −102 | −100 | −99 | −569 |
| Estimated outlays | | −41 | −118 | −109 | −102 | −100 | −99 | −569 |
| Cap WRP acreage and limit easements: | | | | | | | | |
| Estimated budget authority | −24 | −66 | −66 | −66 | −66 | 54 | 54 | −180 |
| Estimated outlays | −3 | −47 | −90 | −94 | −92 | −74 | 13 | −387 |
| Reduce Market Promotion Program spending: | | | | | | | | |
| Estimated budget authority | −1 | −8 | −10 | −10 | −10 | −10 | −10 | −59 |
| Estimated outlays | −1 | −8 | −10 | −10 | −10 | −10 | −10 | −59 |
| Cap Export Enhancement Program spending: | | | | | | | | |
| Estimated budget authority | −329 | −532 | −281 | −130 | 0 | 0 | 0 | −1,272 |
| Estimated outlays | −329 | −532 | −281 | −130 | 0 | 0 | 0 | −1,272 |
| End mandatory crop insurance catastrophic coverage: | | | | | | | | |
| Estimated budget authority | −27 | −27 | −28 | −28 | −29 | −29 | −29 | −197 |
| Estimated outlays | −10 | −27 | −28 | −28 | −29 | −29 | −29 | −180 |
| Provide disaster assistance for seed crops: | | | | | | | | |
| Estimated budget authority | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 49 |
| Estimated outlays | 3 | 7 | 7 | 7 | 7 | 7 | 7 | 45 |
| Direct access to Agriculture Quarantine Inspection Fund: | | | | | | | | |
| Estimated budget authority | 8 | 9 | 10 | 10 | 13 | 17 | 21 | 88 |
| Estimated outlays | 8 | 9 | 10 | 10 | 13 | 17 | 21 | 88 |
| Increase CCC commodity loan interest rate: | | | | | | | | |
| Estimated budget authority | −20 | −40 | −40 | −40 | −40 | −40 | −40 | −260 |
| Estimated outlays | −20 | −40 | −40 | −40 | −40 | −40 | −40 | −260 |
| Total changes in direct spending: | | | | | | | | |
| Estimated budget authority | −1,257 | −1,613 | −1,418 | −1,495 | −1,588 | −2,332 | −2,343 | −12,046 |
| Estimated outlays | −1,275 | −1,606 | −1,451 | −1,529 | −1,618 | −2,462 | −2,385 | −12,326 |

ESTIMATED BUDGETARY EFFECTS OF TITLE II: BANKING, HOUSING AND RELATED PROGRAMS

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Changes in direct spending | | | | | | | | |
| Deposit insurance funds: | | | | | | | | |
| Estimated budget authority | | | | | | | | |
| Estimated outlays | −5,000 | 400 | 800 | 800 | 700 | 700 | 700 | −900 |
| Limit staff of RTC oversight board: | | | | | | | | |
| Estimated budget authority | | | | | | | | |
| Estimated outlays | (1) | | | | | | | (1) |
| FHA single-family assignment program: | | | | | | | | |
| Estimated budget authority | −119 | −216 | −234 | −268 | −308 | −317 | −317 | −1,779 |
| Estimated outlays | −119 | −216 | −234 | −268 | −308 | −317 | −317 | −1,779 |
| Assisted housing rent adjustments for operating costs: | | | | | | | | |
| Estimated budget authority | | | | | | | | |
| Estimated outlays | −18 | −66 | −126 | −177 | −210 | −229 | −249 | −1,075 |
| One-percent reduction in assisted housing rent adjustments: [2] | | | | | | | | |
| Estimated budget authority | | | | | | | | |
| Estimated outlays | −42 | −170 | −216 | −211 | −198 | −182 | −170 | −1,189 |
| Total estimated changes in direct spending: | | | | | | | | |
| Estimated budget authority | −119 | −216 | −234 | −268 | −308 | −317 | −317 | −1,779 |
| Estimated outlays | −5,179 | −52 | 224 | 144 | −16 | −28 | −36 | −4,943 |
| Changes in spending subject to appropriations | | | | | | | | |
| Rent adjustments for section 8 housing: | | | | | | | | |
| Estimated authorization level | 30 | 50 | 85 | 90 | 95 | 120 | 130 | 600 |
| Estimated outlays | 1 | 13 | 37 | 64 | 83 | 102 | 118 | 418 |

[1] Less than $500,000.

[2] If the VA/HUD appropriations bill is enacted before this provision, and if it includes a similar provision applying only to fiscal year 1996, the reconciliation provision would produce no savings in 1996 and lower savings in subsequent years.

ESTIMATED BUDGETARY EFFECTS OF TITLE III: COMMUNICATIONS AND SPECTRUM ALLOCATION PROVISIONS

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Changes in direct spending | | | | | | | | |
| Spectrum auctions: | | | | | | | | |
| Estimated budget authority | −150 | −1,800 | −2,650 | −3,550 | −3,100 | −2,650 | −1,400 | −15,300 |
| Estimated outlays | −150 | −1,800 | −2,650 | −3,550 | −3,100 | −2,650 | −1,400 | −15,300 |

ESTIMATED BUDGETARY EFFECTS OF THE CONFERENCE AGREEMENT TITLE IV, EDUCATION AND RELATED PROVISIONS

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Asset sale receipts [1] | | | | | | | | |
| Sale of Connie Lee stock: | | | | | | | | |
| Estimated budget authority | −7 | | | | | | | −7 |
| Estimated outlays | −7 | | | | | | | −7 |
| Changes in direct spending | | | | | | | | |
| Changes in student loans: | | | | | | | | |
| Estimated budget authority | −1,144 | −429 | −550 | −763 | −756 | −791 | −831 | −5,264 |
| Estimated outlays | −955 | −464 | −496 | −678 | −754 | −784 | −817 | −4,948 |
| Total: Mandatory spending (asset sales plus direct spending changes): | | | | | | | | |
| Estimated budget authority | −1,151 | −429 | −550 | −763 | −756 | −791 | −831 | −5,271 |
| Estimated outlays | −962 | −464 | −496 | −678 | −754 | −784 | −817 | −4,955 |

[1] Under the 1996 budget resolution, proceeds from asset sales are counted in budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirement.

ESTIMATED BUDGETARY EFFECTS OF TITLE V: ENERGY AND NATURAL RESOURCES

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Asset sale receipts [1] | | | | | | | | |
| U.S. Enrichment Corporation: | | | | | | | | |
| Estimated budget authority | −500 | −1,100 | −21 | −54 | −55 | −46 | −47 | −1,823 |
| Estimated outlays | −500 | −1,100 | −21 | −54 | −55 | −46 | −47 | −1,823 |
| Sale of DOE assets: | | | | | | | | |
| Estimated budget authority | −20 | −15 | −15 | −15 | −15 | −15 | −15 | −110 |
| Estimated outlays | −20 | −15 | −15 | −15 | −15 | −15 | −15 | −110 |
| Sale of Weeks Island oil:[2] | | | | | | | | |
| Estimated budget authority | −100 | −188 | −182 | | | | | −470 |
| Estimated outlays | −100 | −188 | −182 | | | | | −470 |
| California land sale: | | | | | | | | |
| Estimated budget authority | −1 | | | | | | | −1 |
| Estimated outlays | −1 | | | | | | | −1 |
| Sale of helium reserves: | | | | | | | | |
| Estimated budget authority | | −3 | −8 | −9 | −9 | −9 | −9 | −47 |
| Estimated outlays | | −3 | −8 | −9 | −9 | −9 | −9 | −47 |
| Arctic National Wildlife Refuge: | | | | | | | | |
| Estimated budget authority | | −1,601 | −1 | −1,001 | −1 | −1 | −1 | −2,606 |
| Estimated outlays | | −1,601 | −1 | −1,001 | −1 | −1 | −1 | −2,606 |
| Collbran Project: | | | | | | | | |
| Estimated budget authority | | | | | −13 | | | −13 |
| Estimated outlays | | | | | −13 | | | −13 |
| Sly Park: | | | | | | | | |
| Estimated budget authority | | −4 | | | | | | −4 |
| Estimated outlays | | −4 | | | | | | −4 |
| Sale of DOI assets: | | | | | | | | |
| Estimated budget authority | −1 | −3 | −3 | | | | | −7 |
| Estimated outlays | −1 | −3 | −3 | | | | | −7 |
| Alaska PMA sale:[3 4] | | | | | | | | |
| Estimated budget authority | −77 | | | | | | | −77 |
| Estimated outlays | −77 | | | | | | | −77 |
| Outer continental shelf:[4] | | | | | | | | |
| Estimated budget authority | −15 | −25 | −20 | −20 | −20 | −20 | −20 | −140 |
| Estimated outlays | −15 | −25 | −20 | −20 | −20 | −20 | −20 | −140 |
| Subtotal, asset sales: | | | | | | | | |
| Estimated budget authority | −714 | −2,939 | −250 | −1,099 | −113 | −91 | −92 | −5,298 |
| Estimated outlays | −714 | −2,939 | −250 | −1,099 | −113 | −91 | −92 | −5,298 |
| Changes in direct spending | | | | | | | | |
| NRC fees: | | | | | | | | |
| Estimated budget authority | | | | −330 | −330 | −330 | −330 | −1,320 |
| Estimated outlays | | | | −330 | −330 | −330 | −330 | −1,320 |
| U.S. Enrichment Corporation: | | | | | | | | |
| Estimated budget authority | | | | | | | | 0 |
| Estimated outlays | 306 | 8 | −10 | −88 | −159 | −80 | −20 | −3 |
| Lease of excess SPR capacity: | | | | | | | | |
| Estimated budget authority | | | −24 | −37 | −64 | −49 | −67 | −241 |
| Estimated outlays | | | −24 | −37 | −64 | −59 | −71 | −255 |
| Arctic National Wildlife Refuge: | | | | | | | | |
| Estimated budget authority | | 800 | 5 | 560 | 6 | 6 | 6 | 1,403 |
| Estimated outlays | | 800 | 1 | 502 | 12 | 43 | 28 | 1,386 |
| Prepayment of construction charges: | | | | | | | | |
| Estimated budget authority | −166 | −17 | 4 | 29 | 29 | 29 | 29 | −63 |
| Estimated outlays | −166 | −17 | 4 | 29 | 29 | 29 | 29 | −63 |
| Hetch Hetchy fees: | | | | | | | | |
| Estimated budget authority | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −14 |
| Estimated outlays | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −14 |
| Collbran Project: | | | | | | | | |
| Estimated budget authority | | | | | 1 | 3 | 2 | 6 |
| Estimated outlays | | | | | 1 | 3 | 2 | 6 |
| Sly Park: | | | | | | | | |
| Estimated budget authority | | | (5) | (5) | (5) | (5) | (5) | 1 |
| Estimated outlays | | | (5) | (5) | (5) | (5) | (5) | 1 |
| Central Utah prepayment: | | | | | | | | |
| Estimated budget authority | | −67 | −127 | 2 | 2 | −31 | 2 | −219 |
| Estimated outlays | | −67 | −127 | 2 | 2 | −31 | 2 | −219 |
| Federal oil and gas royalties: | | | | | | | | |
| Estimated budget authority | −6 | −12 | −8 | −7 | −7 | −6 | −5 | −51 |
| Estimated outlays | −6 | −12 | −8 | −7 | −7 | −6 | −5 | −51 |
| Hardrock mining: | | | | | | | | |
| Estimated budget authority | 2 | 1 | 1 | −40 | −40 | −40 | −41 | −157 |
| Estimated outlays | 2 | 1 | 1 | −40 | −40 | −40 | −41 | −157 |
| Bonneville Power refinancing: | | | | | | | | |
| Estimated budget authority | −16 | −14 | −15 | −13 | −12 | −25 | −25 | −120 |
| Estimated outlays | −16 | −14 | −15 | −13 | −12 | −25 | −25 | −120 |
| Alaska PMA sale:[3 4] | | | | | | | | |
| Estimated budget authority | 4 | 11 | 11 | 11 | 11 | 11 | 11 | 70 |
| Estimated outlays | 4 | 11 | 11 | 11 | 11 | 11 | 11 | 70 |
| Outer continental shelf:[4] | | | | | | | | |
| Estimated budget authority | | | | | | 3 | 7 | 10 |
| Estimated outlays | | | | | | 3 | 7 | 10 |
| Exports of Alaskan oil:[4] | | | | | | | | |
| Estimated budget authority | −5 | −14 | −10 | −7 | −6 | | | −42 |

ESTIMATED BUDGETARY EFFECTS OF TITLE V: ENERGY AND NATURAL RESOURCES—Continued

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Estimated outlays | −5 | −14 | −10 | −7 | −6 | | | −42 |
| Ski area permit charges: | | | | | | | | |
| Estimated budget authority | e | −1 | −1 | e | e | e | e | −1 |
| Estimated outlays | e | −1 | −1 | e | e | e | e | −1 |
| Park fees: | | | | | | | | |
| Estimated budget authority | −7 | −11 | −11 | −8 | −12 | −7 | −13 | −69 |
| Estimated outlays | −7 | −13 | −14 | −11 | −14 | −10 | −14 | −83 |
| Concession reform: | | | | | | | | |
| Estimated budget authority | | | −5 | −11 | −16 | −22 | −28 | −82 |
| Estimated outlays | | | −5 | −11 | −16 | −22 | −28 | −82 |
| Subtotal: Direct spending: | | | | | | | | |
| Estimated budget authority | −196 | 674 | −182 | 167 | −440 | −460 | −454 | −889 |
| Estimated outlays | 110 | 680 | −199 | −2 | −595 | −516 | −417 | −937 |
| Total: Mandatory spending (asset sales plus direct spending changes): | | | | | | | | |
| Estimated budget authority | −910 | −2,265 | −432 | −932 | −553 | −551 | −546 | −6,187 |
| Estimated outlays | −604 | −2,259 | −449 | −1,101 | −708 | −607 | −509 | −6,235 |

[1] Under the 1996 budget resolution, proceeds from asset sales are counted in budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirement.

[2] This estimate for sale of oil from the Weeks Island facility reflects changes to current law; but if the appropriations bill for interior and Related Agencies is enacted prior to enactment of this title, the savings for this title would be reduced by $100 million.

[3] The sale of the Alaska PMA is contingent upon provisions in Title XI providing tax-exempt financing for certain projects.

[4] Similar provisions regarding sale of the Alaska PMA, OCS leasing, and exports of Alaskan oil are also contained in S. 395, which was recently cleared by the Congress.

[5] Less than $500,000.

Note.—This title would also affect spending that is subject to appropriations action, but CBO has not completed an estimate of the potential changes in discretionary spending that might result from enacting this title.

ESTIMATED BUDGETARY EFFECTS OF TITLE VI: FEDERAL RETIREMENT AND RELATED PROVISIONS

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 total |
|---|---|---|---|---|---|---|---|---|
| Asset sale receipts [1] | | | | | | | | |
| Sale of Governors Island NY: | | | | | | | | |
| Estimated budget authority | | | | −500 | | | | −500 |
| Estimated outlays | | | | −500 | | | | −500 |
| Sale of Union Station air rights: | | | | | | | | |
| Estimated budget authority | | −40 | | | | | | −40 |
| Estimated outlays | | −40 | | | | | | −40 |
| Repeal of title V of McKinney Act: | | | | | | | | |
| Estimated budget authority | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −21 |
| Estimated outlays | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −21 |
| Changes in direct spending [2] | | | | | | | | |
| Civilian retirement COLA delay: | | | | | | | | |
| Estimated budget authority | 0 | −337 | −353 | −347 | −362 | −380 | −396 | −2175 |
| Estimated outlays | 0 | −337 | −353 | −347 | −362 | −380 | −396 | −2175 |
| Agency contributions for civilian retirement: | | | | | | | | |
| Estimated budget authority | −513 | −667 | −642 | −614 | −560 | −539 | −513 | −4046 |
| Estimated outlays | −513 | −667 | −642 | −614 | −560 | −539 | −513 | −4046 |
| Congressional retirement benefits: | | | | | | | | |
| Estimated budget authority | −* | −* | −1 | −1 | −2 | −2 | −3 | −9 |
| Estimated outlays | −* | −* | −1 | −1 | −2 | −2 | −3 | −9 |
| USPS transitional appropriations: | | | | | | | | |
| Estimated budget authority | 0 | −9 | −37 | −37 | −36 | −36 | −36 | −191 |
| Estimated outlays | 0 | −9 | −37 | −37 | −36 | −36 | −36 | −191 |
| PTO surcharge fees: | | | | | | | | |
| Estimated budget authority | | | | −119 | −119 | −119 | −119 | −476 |
| Estimated outlays | | | | −119 | −119 | −119 | −119 | −476 |
| Total mandatory spending (asset sales plus direct spending): | | | | | | | | |
| Estimated budget authority | −516 | −1056 | −1036 | −1621 | −1082 | −1079 | −1070 | −7458 |
| Estimated outlays | −516 | −1056 | −1036 | −1621 | −1082 | −1079 | −1070 | −7458 |
| Revenues | | | | | | | | |
| Employee contributions for civilian retirement: | | | | | | | | |
| Estimated revenues | 204 | 409 | 551 | 597 | 612 | 640 | 670 | 3681 |
| Authorizations of appropriations | | | | | | | | |
| Agency contributions for civilian retirement: | | | | | | | | |
| Estimated authorization level | 529 | 688 | 662 | 632 | 577 | 555 | 529 | 4172 |
| Estimated outlays | 513 | 667 | 642 | 614 | 560 | 539 | 513 | 4046 |
| Repeal of title V of McKinney Act: | | | | | | | | |
| Estimated authorization level | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 18 |
| Estimated outlays | 0 | 1 | 3 | 3 | 3 | 3 | 3 | 16 |
| Total authorizations of appropriations: | | | | | | | | |
| Estimated authorization level | 529 | 691 | 665 | 635 | 580 | 558 | 532 | 4190 |
| Estimated outlays | 513 | 668 | 645 | 617 | 563 | 542 | 516 | 4062 |

[1] Under the 1996 budget resolution, proceeds from asset sales are counted in budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirements.

[2] Civilian retirement includes the Civil Service Retirement System, the Federal Employees Retirement System, the Foreign Service Retirement and Disability System, and the Foreign Service Pension System.

[3] Less than $500,000.

Note.—Components may not add to totals due to rounding.

TITLE VII—MEDICAID

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 7-year total |
|---|---|---|---|---|---|---|---|---|
| CBO Baseline | 99.292 | 110.021 | 122.060 | 134.830 | 148.116 | 162.631 | 177.805 | |
| Proposed law: | | | | | | | | |
| Outlays from Title XIX | 24.624 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Section 2121(a)—Transitional Correction | 0 | 0.200 | 0 | 0 | 0 | 0 | 0 | |
| Section 2121(b)—Pool Amounts | 71.762 | 103.234 | 107.908 | 112.644 | 117.360 | 122.284 | 127.418 | |
| Section 2121(c)—Special Rule | 0.090 | 0.233 | 0.090 | 0 | 0 | 0 | 0 | |
| Section 2121(f)—Supplemental Allotment | 0.627 | 0.673 | 0.702 | 0.733 | 0.764 | 0 | 0 | |
| Total Outlays | 97.103 | 104.340 | 108.700 | 113.377 | 118.124 | 122.284 | 127.418 | |

TITLE VII—MEDICAID—Continued

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 7-year total |
|---|---|---|---|---|---|---|---|---|
| Reductions in Outlays | −2.189 | −5.681 | −13.360 | −21.453 | −29.992 | −40.347 | −50.387 | −163.409 |

Note: Assumes enactment date of November 15, 1995.

TITLE VIII—MEDICARE

[By fiscal year, in billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Total |
|---|---|---|---|---|---|---|---|---|
| CHANGE IN DIRECT SPENDING | | | | | | | | |
| Subtitle A—MedicarePlus Program [1] | −0.1 | −0.5 | −1.2 | −2.6 | −5.0 | −7.3 | −10.2 | −26.9 |
| Subtitle B—Preventing Fraud and Abuse: | | | | | | | | |
| Payment Safeguards and enforcement | 0.3 | −0.2 | −0.5 | −0.8 | −0.9 | −0.7 | −0.8 | −3.5 |
| New and increased Civil Monetary Penalties | −0.0 | −0.0 | −0.0 | −0.1 | −0.1 | −0.1 | −0.1 | −0.4 |
| Additional Exclusion Authorities | −0.0 | −0.0 | −0.0 | −0.1 | −0.1 | −0.1 | −0.1 | −0.3 |
| Criminal Provisions | −0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.7 |
| Other Items | −0.0 | −0.0 | −0.0 | −0.0 | −0.0 | −0.0 | −0.0 | −0.1 |
| Subtotal, Subtitle B | 0.3 | −0.2 | −0.6 | −0.8 | −0.8 | −0.7 | −0.7 | −3.5 |
| Subtitle C—Regulatory Relief: | | | | | | | | |
| Physician Ownership referral | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 |
| Subtotal, Subtitle C | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 |
| Subtitle D—Graduate Medical Education: | | | | | | | | |
| Indirect Medical Education Payments | −0.4 | −0.8 | −0.8 | −1.1 | −1.3 | −1.5 | −1.7 | −7.6 |
| Direct Medical Education | 0.0 | −0.1 | −0.1 | −0.1 | −0.2 | −0.3 | −0.4 | −1.4 |
| Subtotal, Subtitle D | −0.4 | −0.9 | −1.0 | −1.2 | −1.5 | −1.9 | −2.1 | −9.0 |
| Subtitle E—Medicare Part A: | | | | | | | | |
| Chapter 1—General provisions Relating to Part A | | | | | | | | |
| PPS MB–2.5 in FY 96, −2.0 thereafter | −0.2 | −1.1 | −2.4 | −3.8 | −5.4 | −7.2 | −9.0 | −29.1 |
| PPS Exempt Update Reduction | −0.0 | −0.1 | −0.2 | −0.3 | −0.4 | −0.5 | −0.6 | −2.0 |
| Targets for Rehabilitation and LTC Hospitals | −0.0 | −0.1 | −0.2 | −0.4 | −0.5 | −0.7 | −0.7 | −2.7 |
| Rebasing for Certain LTC Hospitals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| LTC Hospitals Within Other Hospitals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Reduce nonPPS capital by 10% | −0.1 | −0.1 | −0.1 | −0.1 | −0.2 | −0.2 | −0.2 | −0.9 |
| Reduce DSH payments | −0.1 | −0.3 | −0.6 | −0.9 | −1.1 | −1.2 | −1.2 | −5.4 |
| Reduce PPS Capital by 15% | −1.0 | −1.2 | −1.3 | −1.3 | −1.4 | −1.4 | −1.5 | −9.0 |
| Rebase PPS Capital Payment Rates | −0.3 | −0.4 | −0.4 | −0.4 | −0.4 | −0.4 | −0.4 | −2.7 |
| Reduce Payments for Hospital Bad Debt | −0.1 | −0.1 | −0.2 | −0.2 | −0.2 | −0.2 | −0.2 | −1.1 |
| Preferential Update for Certain MDH Hospitals | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.6 |
| Chapter 2—Skilled Nursing Facilities: Skilled Nursing Facilities | −0.2 | −0.6 | −1.1 | −1.6 | −1.9 | −2.2 | −2.4 | −10.0 |
| Chapter 3—Other Provisions Related to Part A: | | | | | | | | |
| Hemophilia Pass-Through Extension | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Hospice | −0.0 | −0.0 | −0.1 | −0.1 | −0.1 | −0.1 | −0.1 | −0.5 |
| Subtotal, Subtitle E | −2.0 | −3.8 | −6.2 | −8.9 | −11.4 | −13.9 | −16.2 | −62.5 |
| Subtitle F—Medicare Part B: | | | | | | | | |
| Part 1—Payment Reforms | | | | | | | | |
| Reduce payments for physicians's services | −0.4 | −1.3 | −2.3 | −3.2 | −4.1 | −5.1 | −6.2 | −22.6 |
| Eliminate formula driven overpayment | −0.9 | −1.2 | −1.5 | −2.0 | −2.5 | −3.3 | −4.5 | −15.9 |
| Reduce updates for durable medical equipment | −0.1 | −0.3 | −0.4 | −0.6 | −0.7 | −0.9 | −1.1 | −4.1 |
| Reduce updates for clinical labs | −0.1 | −0.4 | −0.7 | −0.9 | −1.1 | −1.3 | −1.6 | −6.0 |
| Extend outpatient capital reduction | 0.0 | 0.0 | 0.0 | −0.1 | −0.1 | −0.2 | −0.2 | −0.6 |
| Extend outpatient payment reduction | 0.0 | 0.0 | 0.0 | −0.3 | −0.3 | −0.4 | −0.4 | −1.4 |
| Freeze payments for ASC services | −0.0 | −0.1 | −0.1 | −0.2 | −0.2 | −0.3 | −0.4 | −1.3 |
| Anesthesia Payment Allocation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Separate physician fee schedule for Wisconsin | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Limit payments for ambulance services | −0.0 | −0.0 | −0.1 | −0.1 | −0.1 | −0.2 | −0.3 | −0.8 |
| Direct payment to PAs and NPs [2] | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | −0.3 |
| Payments to primary care MDs in shortage areas [2] | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 |
| Part 2—Part B Premium | | | | | | | | |
| Increase Part B premium | −3.3 | −4.3 | −4.1 | −5.2 | −7.9 | −10.4 | −13.5 | −48.6 |
| Income-related reduction in medicare subsidy | 0.0 | −0.4 | −0.9 | −1.3 | −1.7 | −2.0 | −2.3 | −8.5 |
| Subtotal, Subtitle F | −4.7 | −7.7 | −9.9 | −13.7 | −18.7 | −24.0 | −30.3 | −109.1 |
| Subtitle G—Medicare Parts A and B: | | | | | | | | |
| Payment for home health services | 0.0 | −1.3 | −2.3 | −2.7 | −3.1 | −3.6 | −4.0 | −17.0 |
| Medicare second payer improvements | 0.0 | 0.0 | 0.0 | −1.3 | −1.5 | −1.7 | −1.9 | −6.5 |
| Coverage of Oral Breast Cancer Drug | 0.1 | 0.0 | −0.0 | −0.0 | −0.0 | −0.0 | −0.0 | −0.1 |
| Subtotal, Subtitle G | 0.1 | −1.3 | −2.3 | −4.1 | −4.7 | −5.3 | −6.0 | −23.5 |
| Subtitle H—Rural Areas: | | | | | | | | |
| Medicare-Dependent payment Extension | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Critical Access Hospitals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 |
| Establish REACH Program | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Classification of Rural Referral Centers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Expand Access to Nurse Aide Training [3] | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Subtotal, Subtitle H | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.7 |
| Change in net Mandatory Medicare Outlays before Failsafe | −6.8 | −14.3 | −21.1 | −31.2 | −42.0 | −52.8 | −65.3 | −233.5 |
| Additional Outlay Reductions Required by Failsafe, Net of Premiums | 0.0 | 0.0 | −6.2 | −10.8 | −7.1 | −7.0 | −5.6 | −36.6 |
| Total, Medicare | −6.8 | −14.3 | −27.2 | −42.0 | −49.0 | −59.8 | −70.9 | −270.0 |
| MEMORANDUM: Monthly Part B premium (By calendar year): | | | | | | | | |
| Estimated premium under proposal | $53.70 | $57.00 | $59.30 | 64.10 | $73.10 | $80.10 | $88.90 | ..... |
| Estimated premium under current law | $42.50 | $48.20 | $53.20 | $55.00 | $56.80 | $58.60 | $60.50 | ..... |

[1] Estimate includes medical savings accounts provision.
[2] These items are included in Subtitle H (Rural Areas).
[3] CBO estimates that this provision would cost less than $50 million over seven years.

Notes.—Details may not sum to totals because of rounding. The estimates assume an enactment date of November 15, 1995. The estimates do not incorporate changes in discretionary spending for administration.

ESTIMATED BUDGETARY EFFECTS OF TITLE IX: TRANSPORTATION AND RELATED PROVISIONS

[Millions of Dollars, by Fiscal Year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 Total |
|---|---|---|---|---|---|---|---|---|
| CHANGES IN DIRECT SPENDING | | | | | | | | |
| Highway Minimum Allocation: | | | | | | | | |
| Estimated Budget Authority | –536 | ..... | ..... | ..... | ..... | ..... | ..... | –536 |
| Estimated Outlays | –42 | –220 | –128 | –59 | –32 | –18 | –13 | –512 |
| Vessel Tonnage Duties: | | | | | ..... | | | |
| Estimated Budget Authority | – | – | – | –49 | –49 | –49 | –49 | –196 |
| Estimated Outlays | – | – | – | –49 | –49 | –49 | –49 | –196 |
| FEMA Fees: [a] | | | | | | | | |
| Estimated Budget Authority | –12 | –12 | –12 | –12 | –12 | –12 | –12 | –84 |
| EStimated Outlays | –12 | –12 | –12 | –12 | –12 | –12 | –12 | –84 |
| Total: Mandatory Spending: | | | | | | | | |
| Estimated Budget Authority | –548 | –12 | –12 | –61 | –61 | –61 | –61 | –816 |
| Estimated Outlays | –54 | –232 | –140 | –120 | –93 | –79 | –74 | –792 |

[a] The table reflects changes to current law, if the VA/HUD aopropriations bill is enacted before this provision and extends the collection of $12 million of fees for radiological emergency preparedness in 1996, this provision would not produce any savings in 1996.

ESTIMATED BUDGETARY EFFECTS OF TITLE X: COMMITTEE ON VETERANS AFFAIRS

[Millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 Total |
|---|---|---|---|---|---|---|---|---|
| CHANGES IN DIRECT SPENDING | | | | | | | | |
| HeaLth Care Per Diems and Prescription Copayments: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −58 | −62 | −65 | −70 | −255 |
| Estimated Outlays | 0 | 0 | 0 | −58 | −62 | −65 | −70 | −255 |
| Medical Care Cost Recovery: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −197 | −208 | −219 | −231 | −855 |
| Estimated Outlays | 0 | 0 | 0 | −197 | −208 | −219 | −231 | −855 |
| Verify Income for Pension Purposes: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −10 | −20 | −30 | −40 | −100 |
| Estimated Outlays | 0 | 0 | 0 | −10 | −20 | −30 | −40 | −100 |
| Verify Income for Medical Care: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −4 | −8 | −12 | −16 | −40 |
| Estimated Outlays | 0 | 0 | 0 | −4 | −8 | −12 | −16 | −40 |
| Pension Limitation—Nursing Home Vets: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −198 | −204 | −211 | −218 | −831 |
| Estimated Outlays | 0 | 0 | 0 | −197 | −240 | −173 | −217 | −827 |
| Fees on Original Loans: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −100 | −102 | −102 | −102 | −406 |
| Estimated Outlays | 0 | 0 | 0 | −100 | −102 | −102 | −102 | −406 |
| Fees on Later Loans: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −43 | −44 | −44 | −44 | −175 |
| Estimated Outlays | 0 | 0 | 0 | −43 | −44 | −44 | −44 | −175 |
| Resale Losses: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −4 | −4 | −4 | −4 | −16 |
| Estimated Outlays | 0 | 0 | 0 | −4 | −4 | −4 | −4 | −16 |
| Increase Prescription Copayments to $4, Tighten Collection Procedures. Exempt POW's from Copay: | | | | | | | | |
| Estimated Budget Authority | −74 | −98 | −102 | −108 | −114 | −120 | −126 | −742 |
| Estimated Outlays | −74 | −98 | −102 | −108 | −114 | −120 | −126 | −742 |
| Round Down Comp COLAs:[a] | | | | | | | | |
| Estimated Budget Authority | −19 | −46 | −66 | −90 | −115 | −145 | −169 | −650 |
| Estimated Outlays | −17 | −43 | −64 | −88 | −121 | −133 | −168 | −634 |
| Repeal Gardner Decision: | | | | | | | | |
| Estimated Budget Authority | −97 | −222 | −341 | −467 | −476 | −469 | −463 | −2,535 |
| Estimated Outlays | −89 | −212 | −331 | −457 | −512 | −433 | −464 | −2,498 |
| Enhanced Loan Asset Sale Authority: | | | | | | | | |
| Estimated Budget Authority | −5 | −5 | −5 | −5 | −5 | −5 | −5 | −35 |
| Estimated Outlays | −5 | −5 | −5 | −5 | −5 | −5 | −5 | −35 |
| Withholding of Payments and Benefits: | | | | | | | | |
| Estimated Budget Authority | −90 | 0 | 0 | 0 | 0 | 0 | 0 | −90 |
| Estimated Outlays | −90 | 0 | 0 | 0 | 0 | 0 | 0 | −90 |
| Total-DIrect Spending: | | | | | | | | |
| Estimated Budget Authority | −285 | −371 | −514 | −1,284 | −1,362 | −1,462 | −1,488 | −6,730 |
| Estimated Outlays | −275 | −358 | −502 | −1,271 | −1,440 | −1,340 | −1,487 | −6,673 |

[a] Similar provisions were included in H.R. 2394, the Veterans' Compensation Cost-of-Living Adjustment Act of 1995. Congressional action on the bill was completed on November 10, 1995. H.R. 2394 rounds down the COLA for 1996 only; the provisions in Title X would round down the COLAs through 2002, and make other adjustments to COLAs for surviving spouses.

ESTIMATED BUDGETARY EFFECTS OF TITLE XI: REVENUE PROVISIONS

[In millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2002 Total |
|---|---|---|---|---|---|---|---|---|
| CHANGES IN DIRECT SPENDING | | | | | | | | |
| Tax Information Sharing: | | | | | | | | |
| Estimated Budget Authority | ..... | ..... | ..... | −14 | −28 | −42 | −56 | −140 |
| Estimated Outlays | ..... | ..... | ..... | −14 | −28 | −42 | −56 | −140 |
| Total: Direct Spending: | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | −14 | −28 | −42 | −56 | −140 |
| Estimated Outlays | 0 | 0 | 0 | −14 | −28 | −42 | −56 | −140 |
| CHANGES IN REVENUES | | | | | | | | |
| Family Tax Relief Act: Estimated Revenues | −4,740 | −29,381 | −23,846 | −24,319 | −25,087 | −25,784 | −26,268 | −159,425 |
| Savings and Retirement Incentives: Estimated Revenues | 67 | −7,674 | −12,049 | −13,371 | −13,762 | −14,471 | −6,315 | −67575 |
| Health Related Provisions: Estimated Revenues | −988 | −834 | −1,060 | −1,337 | −1,590 | −1,879 | −2,197 | −9,885 |
| Estate and Gift Provisions: Estimated Revenues | 0 | −867 | −1,291 | −1,753 | −2,261 | −2,808 | −3,311 | −12,291 |
| Extension of Expiring Provisions: Estimated Revenues | −2,000 | −1,585 | −491 | −73 | 400 | 997 | 1,421 | −1,331 |
| Taxpayer Bill of Rights 2 Provisions: Estimated Revenues | −6 | −11 | −12 | −12 | −12 | −13 | −13 | −79 |
| Casualty and Involuntary Conversion Provisions: Estimated Revenues | −1 | −9 | −1 | 4 | 11 | 20 | 31 | 55 |
| Exempt Organizations and Charitable Reforms Estimated Revenues: | 0 | −2 | −2 | −2 | −2 | −2 | −2 | −12 |
| Tax Reform and Other Provisions: Estimated Revenues | 2,288 | 3,258 | 3,403 | 3,824 | 4,018 | 4,370 | 4,657 | 25,818 |
| Tax Simplification: Estimated Revenues | 0 | −14 | −58 | −194 | −487 | −550 | −632 | −1,935 |
| Miscellaneous Provisions: Estimated Revenues | −28 | −98 | −160 | −205 | 178 | 264 | 199 | 150 |
| Generalized System of Preferences: Estimated Revenues | −532 | −82 | 0 | 0 | 0 | 0 | 0 | −614 |
| Increase in the Public Debt Limit: Estimated Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total: Revenues: Estimated Revenues | −5,940 | −37,299 | −35,567 | −37,438 | −38,594 | −39,856 | −32,430 | −227,124 |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]

[Fiscal years 1996–2002, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| CONTRACT WITH AMERICA PROVISIONS | | | | | | | | | | |
| I. Family tax relief provisions: | | | | | | | | | | |
| 1. $500 tax credit for children under age 18—Senate amendment ($75,000/$110,000 phaseout with no indexing). | 10/1/95 | −4,449 | −28,355 | −22,529 | −22,761 | −22,996 | −23,169 | −23,343 | −101,090 | −147,602 |
| 2. Reduce the marriage penalty | tyba 12/31/95 | −137 | −474 | −739 | −952 | −1,458 | −1,970 | −2,270 | −3,760 | −8,000 |
| 3. $5,000 credit for adoption expenses—Senate amendment, but phase out beginning at $75,000 AGI; require finalized adoption only for foreign adoptions; special needs adoptions—House bill. | tyba 12/31/95 | −28 | −285 | −302 | −320 | −336 | −337 | −337 | −1,271 | −1,945 |
| 4. $1,000 deduction (with residency and support tests) for custodial care of certain elderly dependents in taxpayer's home. | tyba 12/31/95 | −74 | −115 | −119 | −124 | −129 | −134 | −138 | −561 | −833 |
| II. Savings and investment provisions: | | | | | | | | | | |
| 1. Provisions relating to individual Retirement Arrangements—(a) deductible IRAs—Senate amendment, except increase phaseout range for joint filers in $2,500 increments; Homemakers eligible for full IRA deduction—both House bill and Senate amendment; (b) back-end IRAa—House bill with coordination of contribution limits; (c) definition of special purpose withdrawals—Senate amendment; (d) penalty free withdrawals from deductible IRAs—Senate amendment. | tyba 12/31/95 | −221 | −487 | −100 | −990 | −1,817 | −3,332 | −4,807 | −3,615 | −11,755 |
| 2. Capital gains reforms: (a) individual capital gains—House bill; (b) small business stock—14% maximum rate for individuals, reduced corporate rate; (c) indexing of capital gains—House bill, with 6-year delay of effective date; (d) corporate capital gains—Senate amendment; and (e) capital loss deducation for sale of principal residence—House bill: | | | | | | | | | | |
| a. Corporate | tyea 12/31/94 | −1,009 | −893 | −912 | −945 | −971 | −1,024 | −1,129 | −4,730 | −6,883 |
| b. Individual | tyea 12/31/94 | 2,857 | −2,677 | −6,757 | −7,546 | −8,191 | −7,990 | −1,450 | −22,314 | −28,854 |
| 3. Alternative minimum tax (AMT) Reform—Senate amendment, except conform depreciation lives and methods under AMT and, with respect to certain minimum tax credits, substitute 7 years for 5 years. | ppisa & tyba 12/31/95 | −1,290 | −3,149 | −3,722 | −3,248 | −2,141 | −1,487 | −1,252 | −13,550 | −16,291 |
| III. Health care provisions: | | | | | | | | | | |
| 1. Treatment of long-term care insurance—House bill, but adopt Senate provision providing no cap on indemnity policies, permit penalty-free (not tax-free) 401(k) and IRA withdrawals, $175 per day cap on per diem benefits, and adopt Senate consumer protections. | 1/1/96 | −860 | −556 | −659 | −751 | −846 | −951 | −1,061 | −3,672 | −5,684 |
| 2. Tax treatment of accelerated death benefits under life insurance contracts—House bill, but adopt Senate rule relating to NAIC guidelines. | 1/1/95 | −6 | −67 | −107 | −166 | −214 | −265 | −316 | −560 | −1,141 |
| 3. Health insurance organizations eligible for benefits of section 833—Senate amendment. | tyea 10/13/95 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −5 | −8 |
| 4. Increase tax-free death benefit limit on burial insurance polices—Senate amendment. | ceia 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| IV. Estate and gift tax provisions: | | | | | | | | | | |
| 1. Phase up unified credit to $750,000—House bill with 6-year phase in with indexing thereafter; index $10,000 annual gift tax exclusion; $750,000 special use valuation; generation-skipping tax; and indexing of $1 million value of closely held businesses under section 6601j. | dda/gma 12/31/95 | | −333 | −663 | −1,020 | −1,401 | −1,805 | −2,154 | −3,417 | −7,376 |
| 2. Reduction in estate taxes for qualified businesses after unified credit increase—Senate amendment, but change thresholds to $1 million/$1.5 million and coordinate with section 2032A and section 6166. | dda 12/31/95 | | −490 | −579 | −680 | −798 | −934 | −1,081 | −2,547 | −4,562 |
| 3. Provide a 40% exclusion from estate taxes for property donated subject to a conservation easement (within 25 miles of a metropolitan statistical area or a national park or wilderness area; or within 10 miles of an Urban National Forest). | dda 12/31/95 | | −42 | −47 | −51 | −60 | −67 | −74 | −200 | −340 |
| 4. Clarify cash leases under section 2032A—Senate amendment | cla 12/31/95 | | −2 | −2 | −2 | −2 | −2 | −2 | −8 | −12 |
| V. Job creation and wage enhancement provisions: | | | | | | | | | | |
| 1. Leasehold improvements provision—House bill | llda 3/13/95 | −34 | −230 | −17 | −15 | −12 | −9 | −6 | −98 | −114 |
| 2. Small business incentives—House bill, but modify increase in expensing limitation for small businesses to $19,000 for 1996, $20,000 for 1997, $21,000 for 1998, $22,000 for 1999, $23,000 for 2000, $24,000 for 2001, and $25,000 for 2002 and thereafter. | pplsa 12/31/95 | −191 | −379 | −470 | −553 | −554 | −550 | −489 | −2,147 | −3,186 |
| Subtotal: Contract With America related provisions | | −5,443 | −38,325 | −37,725 | −40,125 | −41,927 | −44,027 | −37,010 | −163,545 | −244,586 |
| VI. Expiring provisions: | | | | | | | | | | |
| 1. Provisions extended through 12/31/96: | | | | | | | | | | |
| a. Work opportunity tax credit—Senate amendment, with modifications [3] | 1/1/96 | −64 | −107 | −65 | −25 | −10 | −2 | | −271 | −274 |
| b. Employer-provided educational assistance; applies to undergraduate education only after 1995. | 1/1/95 | −611 | −288 | | | | | | −899 | −899 |
| c. R&E credit—House bill | 7/1/95 | −1,322 | −842 | −387 | −275 | −165 | −42 | | −2,991 | −3,033 |
| d. Orphan drug tax credit—Senate amendment | 1/1/95 | −35 | −10 | −2 | −1 | −1 | (2) | (2) | −49 | −50 |
| e. Contribution of appreciated stock to private foundations | 1/1/95 | −107 | −18 | −6 | | | | | −130 | −130 |
| 2. Commercial aviation fuel: extend 4.3 cents/gallon exemption through 9/30/97; but conditional on extension of Airport and Airway Trust Fund taxes. | 10/1/95 | −417 | −439 | −6 | | | | | −863 | −863 |
| 3. Extend all Airport and Airway Trust Fund excise taxes through 9/30/96—House bill [4]. | 1/1/96 | No Revenue Effect | | | | | | | | |
| 4. Extend IRS user fees through 9/30/02 [5]—Senate amendment | 10/1/00 | | | | | | 35 | 35 | | 70 |
| 5. Sunset the low-income housing tax credit after 12/31/97; sunset national pool after 12/31/95—House bill. | DOE | −24 | −29 | 64 | 333 | 674 | 1,046 | 1,431 | 1,018 | 3,494 |
| 6. Superfund and oil spill liability taxes: | | | | | | | | | | |
| a. Extend Superfund excise taxes through 9/30/96; receipts go to general revenues after 7/31/96. | DOE | 319 | 16 | | | | | | 335 | 335 |
| b. Extend Superfund AMt through 12/31/96 [6] | DOE | 290 | 193 | | | | | | 483 | 483 |
| c. Extend oil spill tax through 9/30/02—Senate amendment | 1/1/96 | | | | | | 60 | 60 | | 120 |
| 7. Extend excise tax refund authority for alcohol fuels blenders—Senate amendment. | DOE | Negligible Revenue Effect | | | | | | | | |
| 8. Extend section 29 binding contract date 6 months from date of enactment and placed-in-service date to 12/3/97 for biomass and coal. | DOE | | −30 | −81 | −97 | −93 | −96 | −101 | −301 | −499 |
| 9. Exempt from diesel dyeing requirement any States exempt from Clean Air Act dyeing requirement (permanent). | fcqa DOE | (2) | −1 | −1 | −1 | −1 | −1 | −1 | −3 | −4 |
| 10. Suspend tax on diesel fuel for recreational boats—Senate amendment (through 6/30/97). | 1/1/96 | −24 | −27 | −4 | −4 | −1 | | | −60 | −61 |
| 11. Permanent extension of FUTA exemption for alien agricultural workers [5]—House bill. | 1/1/95 | −5 | −3 | −3 | −3 | −3 | −3 | −3 | −17 | −23 |
| 12. Information Sharing Provision: Extension of disclosure of return Information to Department of Veterans Affairs (outlay reduction) [5]—House bill, except extend through 9/30/02 only. | DOE | | | | 14 | 28 | 42 | 56 | 42 | 140 |
| VII. Medical savings accounts: | | | | | | | | | | |
| 1. Medical Savings Accounts—House bill, except follow the Senate amendment with respect to (a) maximum contribution limit ($2,000 single and $4,000 family); (b) tax-free build up of earnings; (c) definition of qualified medical expenses; (d) post-death distribution rules; and (e) clarification relating to capitalization of policy acquisition costs. | tyba 12/31/95 | −122 | −211 | −258 | −307 | −362 | −391 | −421 | −1,260 | −2,072 |
| VIII. Taxpayer bill of rights 2: | | | | | | | | | | |
| 1. Expansion of authority to abate interest | DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) |
| 2. Extension of interest-free period for payment of tax—House bill | 6/30/96 | −2 | −7 | −8 | −8 | −8 | −9 | −9 | −10 | −51 |
| 3. Joint return may be made after separate returns without full payment of tax | tyba DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) |
| 4. Increase levy exemption [9] | lia 12/31/95 | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (10) |
| 5. Offers-in-compromise—Senate amendment | DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) |
| 6. Increased limit on attorney fees—House bill | DOE | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −5 | −7 |
| 7. Award of litigation costs permitted in declaratory judgment proceedings | pca DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) |
| 8. Increase in limit on recovery of civil damages—House bill | DOE | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −15 | −21 |
| 9. Enrolled agents included as third-party recordkeepers | sla DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) |
| 10. Annual reminders to taxpayers with delinquent accounts | 1/1/96 | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (12) | (12) |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2002, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| IX. Casualty and involuntary conversion provision: | | | | | | | | | | |
| 1. Changes involuntary conversion rules for Presidentially declared disaster areas—Senate amendment. | DDA 12/31/94 | −6 | −14 | −10 | −10 | −10 | −10 | −10 | −50 | −70 |
| X. Exempt and charitable organizations provisions: | | | | | | | | | | |
| 1. Provide tax-exempt status to common investment funds—Senate amendment | tyea 12/31/95 | −4 | −6 | −6 | −7 | −7 | −7 | −8 | −30 | −45 |
| 2. Exclusion from UBIT for certain corporate sponsorship payments—Senate amendment. | pra 12/31/95 | Negligible Revenue Effect | | | | | | | | |
| 3. Intermediate sanctions for certain tax-exempt organizations—House bill, with technical modifications. | 9/14/95 1/1/96 | 4 | 4 | 4 | 5 | 5 | 5 | 6 | 22 | 33 |
| XI. Corporate and other reforms: | | | | | | | | | | |
| 1. Reform the tax treatment of certain corporate stock reemptions—House bill | da 5/3/95 | −83 | −100 | −17 | 84 | 209 | 343 | 437 | 93 | 873 |
| 2. Require corporate tax shelter reporting; modify recipient notice to 90 days | aloIRSg | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (13) | (13) |
| 3. Disallow interest deduction for corporate-owned life insurnce policy loans—Senate amendment, but phase out disallowance (90% in 1996, 80% in 1997, and 70% in 1998; cap borrowing at 20,000 lives); cap interest rate (with special rules for grandfathered plans); exception for key person policies with 10 lives; limit borrowing in 1996 to policies purchased in 1994 and 1995. | ipoaa 10/31/95 | 220 | 579 | 883 | 1,369 | 1,749 | 1,856 | 1,895 | 4,800 | 8.551 |
| 4. Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting. | (15) | 26 | 37 | 38 | 39 | 40 | 41 | 42 | 179 | 261 |
| 5. Phase-in repeal of section 936; Wage credit companies—6 years of present law and then House bill with modified base period; income companies—2 years of present law and then House bill with modified base period; QPSII—repealed 1/1/96. | tyba 12/3/95 | 255 | 605 | 552 | 596 | 498 | 516 | 746 | 2,506 | 3,766 |
| 6. Corporate accounting—reform of income forecast method—Senate amendment | ppisa 9/13/95 | 32 | 69 | 29 | 13 | 14 | 16 | 19 | 157 | 192 |
| 7. Permit transfers of excess pension assets—House bill but (a) require asset cushion equal to the greater of (i) 125% of termination liability (using PBGC assumptions) and (ii) the plan's accrued liability; (b) permit withdrawals only for ERISA-covered benefits; (c) prohibit transfers when company in bankruptcy; (d) no excise tax; (e) extend for 1 additional year; and (f) conform present-law section 420 asset cushion. | ta DOE | 1,439 | 1,375 | 958 | 554 | 195 | 151 | −19 | 4,521 | 4,651 |
| 8. Modify exclusion of damages received on account of personal injury or sickness—Senate amendment, with technical clarifications. | ama 12/31/95 | 34 | 51 | 55 | 59 | 61 | 64 | 68 | 260 | 392 |
| 9. Require tax reporting for payments to attorneys; delay effective date for 1 year | pma 12/31/96 | ..... | (12) | (12) | (12) | (12) | (12) | (12) | (13) | (13) |
| 10. Expatriation tax provisions—House bill | 2/6/95 | 64 | 97 | 146 | 199 | 254 | 289 | 304 | 760 | 1,353 |
| 11. Remove business exclusion for energy subsidies provided by public utilties—House bill, but modify effective date. | ara 12/31/95 | 30 | 96 | 100 | 104 | 107 | 109 | 111 | 437 | 657 |
| 12. Modify basis adjustment rules under section 1033 | ica 9/13/95 | 2 | 4 | 6 | 9 | 14 | 20 | 29 | 35 | 84 |
| 13. Modify the exception to the related party rule of section 1033 for individuals to only provide an exception for de minimis amounts ($100,000). | ica 9/13/95 | 1 | 2 | 4 | 6 | 8 | 11 | 13 | 21 | 45 |
| 14. Disallow rollover under section 1034 to extent of previously claimed depreciation for home office or other depreciable use of residence. | tyea 12/31/95 | 1 | 3 | 4 | 5 | 6 | 8 | 9 | 19 | 35 |
| 15. Provide that rollover of gain on sale of a principal residence cannot be elected unless the replacement property purchased is located within the United States (limit to resident aliens who terminate residence within 2 years). | sea 12/31/95 | (16) | (16) | (16) | (16) | (16) | (16) | (16) | (16) | (16) |
| 16. Repeal exemption for withholding on gambling winnings from bingo and keno where proceeds exceed $5,000. | 1/1/96 | 20 | 6 | 6 | 6 | 6 | 7 | 7 | 44 | 58 |
| 17. Repeal tax credit for contributions to special Community Development Corporations. | DOE | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 8 | 12 |
| 18. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks | 1/1/96 | 8 | 19 | 19 | 19 | 19 | 19 | 19 | 84 | 122 |
| 19. Apply failure to pay penalty to substitute returns | DOE | 1 | 3 | 29 | 30 | 32 | 33 | 35 | 95 | 163 |
| 20. Allow conversion of scholarship funding corporation to taxable corporation—House bill. | DOE | 3 | 4 | 6 | 8 | 10 | 10 | 9 | 31 | 48 |
| 21. Apply look-through rule for purposes of characterizing certain subpart F insurance income as UBIT—House bill. | gira 12/31/95 | 7 | 23 | 24 | 27 | 30 | 32 | 34 | 111 | 177 |
| 22. Repeal 50% Interest Income exclusion for financial institution loans to ESOPs—Senate amendment. | ima 10/13/95 | 27 | 69 | 109 | 149 | 187 | 224 | 261 | 541 | 1,026 |
| 23. Modify the ozone depleting chemicals tax for imported recycled halons—Senate amendment. | DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (10) | (17) |
| 24. Modify two county tax-exempt bond rule for local furnishers of electricity or gas—Senate amendment. | DOE | (16) | 1 | 2 | 3 | 4 | 5 | 6 | 10 | 22 |
| 25. Provide tax-exempt bonds status for Alaska Power Administration sale—Senate amendment. | bia DOE | (2) | −1 | −1 | −1 | −1 | −1 | −1 | −4 | −8 |
| 26. Modify treatment of foreign trusts—Senate amendment | (18) | 93 | 162 | 171 | 180 | 188 | 197 | 206 | 794 | 1,197 |
| 27. Provide for flow through treatment for Financial Asset Securitization Investment Trusts (FASITs)—Senate amendment. | DOE | 34 | 18 | 10 | 5 | 2 | ..... | −2 | 69 | 67 |
| 28. Tax-free treatment of contributions in aid of construction for water utilities; change depreciation for water utilities—Senate amendment. | (19) | −16 | −26 | −12 | 4 | 19 | 32 | 43 | −31 | 43 |
| 29. Provide 3-year amortization of intrastate operating rights of truckers—Senate amendment. | tyeo/a 1/1/95 | −11 | −14 | −8 | −4 | ..... | ..... | ..... | −37 | −37 |
| 30. A life insurance company may elect to treat 20% of capital losses as ordinary income, spread over 10 years; the taxpayer has the option to change the treatment of these losses in the future—Senate amendment, with modifications. | tyba 12/31/94 | 1 | (16) | (2) | −1 | (2) | (16) | (16) | (16) | 1 |
| 31. Clarify that newspaper carriers and distributors are independent contractors—Senate amendment. | spa 12/31/95 | Negligible Revenue Effect | | | | | | | | |
| 32. Allow for tax-free conversion of common trust funds to mutual funds—Senate amendment. | ta 12/31/95 | −4 | −9 | −8 | −8 | −8 | −8 | −8 | −37 | −52 |
| 33. Eliminate interest allocation exception for certain nonfinancial corporations—Senate amendment. | tyba 12/31/95 | 41 | 93 | 107 | 123 | 141 | 163 | 187 | 505 | 855 |
| 34. Modify depreciation for small motor fuel/convenience store outlets—Senate amendment. | ppiso/a/b DOE | −1 | −4 | −23 | −26 | −29 | −16 | −19 | −83 | −118 |
| 35. Repeal of section 593 with residential loan test for 1996 and 1997 | tyba 12/31/95 | 63 | 95 | 216 | 280 | 277 | 272 | 260 | 931 | 1,462 |
| 36. Phase out and extend luxury automobile excise tax through 12/31/02 | 1/1/96 | −41 | −97 | −159 | −204 | 179 | 265 | 200 | −322 | 143 |
| XII. Technical correction provision: Luxury Excise Tax Indexing | DOE | 14 | ..... | ..... | ..... | ..... | ..... | ..... | 14 | 14 |
| XIII. Simplification provisions relating to individuals: | | | | | | | | | | |
| 1. Rollover of gain on sale of principal residence: | | | | | | | | | | |
| a. Multiple sales within rollover period—House bill | sa DOE | −1 | −2 | −2 | −2 | −2 | −2 | −3 | −9 | −14 |
| b. Rules in case of divorce—House bill | sa DOE | −2 | −2 | −2 | −2 | −3 | −3 | −3 | −11 | −17 |
| 2. One-time exclusion on the sale of a principal residence by an individual who has attained age 55 (allow additional exclusion for married couples under certain conditions where one spouse has claimed an exclusion prior to their marriage)—House bill. | sa 9/13/95 | −10 | −19 | −20 | −21 | −22 | −23 | −24 | −92 | −139 |
| 3. Treatment of certain reimbursed expenses of rural mail carriers—House bill | tyba 12/31/95 | (2) | −1 | −1 | −1 | −1 | −1 | −1 | −5 | −6 |
| 4. Travel expenses of Federal employee participating in a Federal criminal investigation—House bill. | tyba DOE | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| 5. Treatment of storage of product samples—House bill | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −2 |
| XIV. Pension simplification provision: | | | | | | | | | | |
| A. Simplified Distribution Rules: | | | | | | | | | | |
| 1. Sunset of 5-year income averaging for lump-sum distributions—Senate amendment. | tyba 12/31/98 | 24 | 74 | 63 | 109 | 80 | 42 | 17 | 350 | 409 |
| 2. Repeal of $5,000 exclusion of employees' death benefits | tyba 12/31/95 | 16 | 16 | 49 | 52 | 54 | 55 | 55 | 217 | 328 |
| 3. Simplified method for taxing annuity distributions under certain employer plans—Senate amendment. | asda 12/31/95 | 10 | 28 | 28 | 28 | 29 | 29 | 29 | 123 | 182 |
| 4. Minimum required distribution | yba 12/31/95 | −1 | −4 | −4 | −4 | −4 | −4 | −4 | −17 | −25 |
| B. Increased Access to Pension Plans—Tax-exempt organizations eligible under section 401(k)—Senate amendment, but permit all tax exempts and Indian tribes to have 401(k) plans. | yba 12/31/96 | ..... | −8 | −22 | −24 | −25 | −26 | −28 | −79 | −133 |
| C. Nondiscrimination Provisions: | | | | | | | | | | |
| 1. Simplified definition of highly compensated employees—House bill, with modifications. | yba 12/31/95 | Considered in Other Provisions | | | | | | | | |
| 2. Repeal of family aggregation rules | yba 12/31/95 | Considered in Other Provisions | | | | | | | | |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)[1]—Continued

[Fiscal years 1996–2002, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| 3. Modification of additional participation requirements | yba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 4. Safe-harbor nondiscrimination rules for qualified cash or deferred arrangements and matching contributions[20]—Senate amendment, with modification. | yba 12/31/98 | | | | −42 | −162 | −167 | −171 | −294 | −541 |
| D. Miscellaneous Pension Simplification: | | | | | | | | | | |
| 1. Treatment of leased employees—Senate amendment | yba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 2. Plans covering self-employed individuals | yba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 3. Elimination of special vesting rule for multiemployer plans | yba 12/31/95 | (2) | −1 | −1 | −1 | −1 | −1 | −1 | −4 | −6 |
| 4. Distributions under rural cooperative plans—Senate amendment, with modifications. | DOE | | | | Negligible Revenue Effect | | | | | |
| 5. Treatment of governmental plans under section 415—House bill, with Senate effective date. | tybo/a DOE | | | | Negligible Revenue Effect | | | | | |
| 6. Uniform retirement age | 1/1/96 | | | | Considered in Other Provisions | | | | | |
| 7. Contributions on behalf of disabled employees | yba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 8. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations—House bill, with modification. | tyba 12/31/95 | (2) | −1 | −1 | −1 | −1 | −2 | −2 | −4 | −8 |
| 9. Require Individual ownership of section 457 plan assets—House bill, with effective date change (i.e., to the end of the first legislative session after enactment). | DOE | −6 | −18 | −21 | −24 | −25 | −25 | −26 | −94 | −145 |
| 10. Correction of GATT interest and mortality rate provisions in the Retirement Protection Act—House bill, with modifications. | eall GATT | −4 | −4 | −4 | −4 | | | | −16 | −16 |
| 11. Multiple salary reduction agreements permitted under section 403(b) | tyba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 12. Repeal of combined plan limit—House bill, with Senate effective date | yba 12/31/98 | | | | −70 | −189 | −195 | −201 | −259 | −654 |
| 13. Modify notice required of right to qualified joint and survivor annuity—House bill. | pyba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 14. 3-year waiver of excess distribution tax—Senate amendment | 1/1/96 | 38 | 40 | 43 | 3 | | | | 124 | 124 |
| 15. Definition of compensation for section 415 purposes—Senate amendment. | yba 12/31/97 | | | −1 | −1 | −2 | −2 | −2 | −4 | −8 |
| 16. Increase section 4975 excise tax on prohibited transactions from 5% to 10%—Senate amendment. | ptoo/a 1/1/96 | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 17 | 24 |
| 17. Treatment of Indian tribal governments under section 403(b)—Senate amendment provision and permit rollover to 401(k). | pybb 1/1/95 | | | | Negligible Revenue Effect | | | | | |
| 18. Application of elective deferral limit to section 403(b) plans—Senate amendment, with modifications. | tyba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 19. Establish SIMPLE pension plan—Senate amendment, but repeal SEPs | yba 12/31/95 | −45 | −69 | −71 | −74 | −76 | −79 | −82 | −335 | −497 |
| 20. Increase the self-employed health insurance deduction (35% in 1998 and 1999; 40% in 2000 and 2001; and 50% in 2002 and thereafter). | tyba 12/31/97 | | | −36 | −113 | −168 | −272 | −399 | −317 | −988 |
| XV. Partnership simplification provisions: | | | | | | | | | | |
| 1. Simplified reporting to partners—House bill, but elective | tyba 12/31/95 | 5 | 6 | 6 | 7 | 7 | 7 | 7 | 31 | 45 |
| 2. Returns required on magnetic media for partnerships with 100 partners or more—House bill. | tyba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| XVI. Foreign tax simplification provisions: | | | | | | | | | | |
| A. Modification of Passive Foreign Investment Company Provisions to Eliminate Overlap with Subpart F and to Allow Mark-to-Market Election—House bill. | tyba 12/31/95 | −7 | −18 | −20 | −21 | −22 | −24 | −25 | −88 | −137 |
| B. Modifications to Provisions Affecting Controlled Foreign Corporations: | | | | | | | | | | |
| 1. General provisions—House bill | | −1 | −2 | −2 | −3 | −3 | −3 | −3 | −11 | −17 |
| 2. Repeal of excess passive assets provision (section 956A)—House bill | tyba 9/30/95 | −17 | −26 | −29 | −35 | −41 | −45 | −51 | −148 | −244 |
| XVII. Other income tax simplification provisions: | | | | | | | | | | |
| A. Subchapter S Corporations: | | | | | | | | | | |
| 1. Increase number of eligible shareholders—House bill | tyba 12/31/95 | −7 | −12 | −14 | −16 | −20 | −22 | −25 | −69 | −116 |
| 2. Permit certain trusts to hold stock in S corporations—House bill | tyba 12/31/95 | −1 | −2 | −2 | −2 | −2 | −2 | −2 | −9 | −13 |
| 3. Extend holding period for certain trusts—House bill | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 4. Financial Institutions permitted to hold safe-harbor debt—House bill | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 |
| 5. Authority to validate certain invalid elections—House bill | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 |
| 6. Allow Interim losing of the books | tyba 12/31/95 | | | | Negligible Revenue Effect | | | | | |
| 7. Expand post-termination period and amend subchapter S audit procedures—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 |
| 8. S corporations permitted to hold S or C subsidiaries—House bill | tyba 12/31/95 | −3 | −7 | −9 | −11 | −13 | −15 | −17 | −43 | −75 |
| 9. Treatment of distributions during loss years—House bill | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 |
| 10. Treatment of S corporations as shareholders in C corporations—House bill. | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 11. Elimination of certain earnings and profits of S corporations—House bill | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 12. Treatment of certain losses carried over under at-risk rules—House bill | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 13. Adjustments to basis of Inherited S stock—House bill | dda DOE | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) |
| 14. Treatment of certain real estate held by an S corporation—House bill | tyba 12/31/95 | (2) | −1 | −1 | −2 | −2 | −2 | −2 | −6 | −10 |
| 15. Transition rule for elections after termination—House bill | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 16. Interaction of subchapter S changes—House bill | | −3 | −10 | −26 | −32 | −37 | −38 | 39 | −108 | −185 |
| B. Regulated Investment Companies (RICs)—Repeal of 30% gross income limitation for RICs—House bill. | tyea DOE | −9 | −17 | −20 | −24 | −28 | −32 | −35 | −98 | −164 |
| C. Accounting Provisions: | | | | | | | | | | |
| 1. Modifications to look-back method for long-term contracts—House bill | cc/tyea/E | −2 | −3 | −3 | −3 | −4 | −4 | −4 | −15 | −23 |
| 2. Allow traders to adopt mark-to-market accounting for securities—House bill. | DOE | | | | Negligible Revenue Effect | | | | | |
| 3. Modification of Treasury ruling requirement for nuclear decommissioning funds—House bill. | tyba DOE | −4 | −4 | −5 | −5 | −5 | −5 | −5 | −23 | −33 |
| 4. Provide that a taxpayer may elect to include in income crop insurance proceeds and disaster payments in the year of the disaster or in the following year—Senate amendment. | pra/cdoa 12/31/92 | 2 | −1 | −1 | −1 | −1 | −1 | −1 | −2 | −4 |
| D. Tax-Exempt Bond Provision—Repeal of debt service-based limitation on investment in certain non-purpose investments—House bill. | bla DOE | | | | Negligible Revenue Effect | | | | | |
| E. Insurance Provisions: | | | | | | | | | | |
| 1. Treatment of certain insurance contracts on retired lives | tyba 12/31/95 | 6 | −4 | 5 | 4 | 4 | 12 | −7 | 15 | 21 |
| 2. Treatment of modified guaranteed contracts | tyba 12/31/95 | −1 | 2 | 4 | 1 | 2 | 1 | −1 | 8 | 8 |
| F. Other Provisions: | | | | | | | | | | |
| 1. Closing of partnership taxable year with respect to deceased partner—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 |
| 2. Modifications to the FICA tip credit—House bill | eaii OBRA '93 | | | | Negligible Revenue Effect | | | | | |
| 3. Conform due date for first quarter estimated tax by private foundations—House bill. | 1/1/96 | | | | Negligible Revenue Effect | | | | | |
| 4. Treatment of dues paid to agricultural or horticultural organizations | tyba 12/31/94 | | | | Negligible Revenue Effect | | | | | |
| Student loan interest deduction ($2,500 above-the-line deduction; phaseout $45,000–$65,000 singles/$65,000–$85,000 joint). | polda 12/31/95 | −52 | −152 | −157 | −162 | −168 | −174 | −180 | −691 | −1,046 |
| XVIII. Estate, gift, and trust tax provisions: | | | | | | | | | | |
| A. Estate and Trust Income Tax Provisions: | | | | | | | | | | |
| 1. Certain revocable trusts treated as part of estate—House bill | DOE | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (21) | (21) |
| 2. Distributions during first 65 days of taxable year of estate—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 3. Separate share rules available to estates—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 4. Executor of estate and beneficiaries treated as related persons for disallowance of losses—House bill. | DOE | | | | Negligible Revenue Effect | | | | | |
| 5. Limitation on taxable year of estate—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 6. Simplified taxation of earnings of pre-need funeral trusts—House bill, with $7,000 limit. | tyba DOE | (11) | (11) | (11) | (11) | (12) | (12) | (12) | (12) | 8 |
| B. Estate and Gift Tax Provisions: | | | | | | | | | | |
| 1. Clarification of waiver of certain rights of recovery—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 2. Adjustments for gifts within 3 years of decedent's death—House bill | DOE | | −6 | −6 | −7 | −7 | −7 | −7 | −26 | −40 |
| 3. Clarification of qualified terminable interest rules—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 4. Transitional rule under section 2056A—House bill | eali OBRA '90 | | | | Negligible Revenue Effect | | | | | |
| 5. Opportunity to correct certain failures under section 2032A—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 6. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations—House bill. | ga DOE | | −15 | −16 | −16 | −18 | −21 | −26 | −65 | −112 |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2002, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| 7. Clarifications relating to disclaimers—House bill | DOE | | −2 | −2 | −2 | −2 | −3 | −3 | −8 | −14 |
| 8. Clarify relationship between community property rights and retirement benefits—House bill. | DOE | | −3 | −4 | −4 | −4 | −4 | −4 | −15 | −23 |
| 9. Treatment under qualified domestic trust rules of forms of ownership which are not trusts—House bill. | DOE | | | | Negligible Revenue Effect | | | | | |
| C. Generation-Skipping Tax Provisions: | | | | | | | | | | |
| 1. Taxable termination not to include direct skips—House bill | DOE | | | | Negligible Revenue Effect | | | | | |
| 2. Modification of generation-skipping transfer tax for transfers to individuals with deceased parents—Senate amendment. | gsta 12/31/94 | −3 | −4 | −4 | −4 | −4 | −4 | −4 | −19 | −27 |
| XIX. Excise tax simplification provisions: | | | | | | | | | | |
| A. Distilled Spirits, Wines, and Beer: | | | | | | | | | | |
| 1. Credit or refund for imported bottled distilled spirits returned to bonded premises—House bill. | fcq DOE+180 days | | | | Negligible Revenue Effect | | | | | |
| 2. Fermented material from any brewery may be received at a distilled spirits plant—House bill. | fcq DOE+180 days | | | | Negligible Revenue Effect | | | | | |
| 3. Refund of tax on wine returned to bond not limited to unmerchantable wine—House bill. | fcq DOE+180 days | | | | Negligible Revenue Effect | | | | | |
| 4. Beer may be withdrawn free of tax for destruction—House bill | fcq DOE+180 days | | | | Negligible Revenue Effect | | | | | |
| 5. Transfer to brewery of beer imported in bulk without payment of tax—House bill. | fcq DOE+180 days | | | | Negligible Revenue Effect | | | | | |
| B. Consolidate Imposition of Aviation Gasoline Excise Tax—House bill | 1/1/96 | (16) | | | | | | | (16) | (16) |
| C. Other Excise Tax Provision—Clarify present law for retail truck excise tax (certain activities do not constitute remanufacture)—House bill. | DOE | | | | Negligible Revenue Effect | | | | | |
| XX. Administrative simplification provision: | | | | | | | | | | |
| A. General Provision—Certain notices disregarded under provision increasing interest rate on large corporate underpayments—House bill. | 1/1/96 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 |
| XXI. Increase in public debt limit | | | | | | | | | | |
| Total of revenue provisions | | −5,408 | −37,217 | −35,567 | −37,438 | −38,594 | −39,856 | −32,430 | −154,155 | −226,450 |
| Total of outlay provisions | | | | | 14 | 28 | 42 | 56 | 42 | 140 |

[1] The Earned Income Credit provisions are included in Title XII of the conference agreement; the budget effects are shown in a separate table.
[2] Loss of less than $500,000.
[3] Credit rate at 35% on first $6,000 of income, eligible workers expanded to include welfare cash recipients and veteran foodstamp recipients; 500 hour work requirement.
[4] Section 257(b)(2)(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990, indicates that ''excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates''. Since the revenues from these taxes are dedicated to the Airport and Airway Trust Fund, an extension of the taxes is scored as having no revenue effect.
[5] Estimates provided by the Congressional Budget Office (CBO).
[6] Estimates presented after interaction with Alternative Minimum tax provisions and are shown net of offset with the corporate income tax.
[7] Loss of less than $1 million.
[8] Loss of less than $2 million.
[9] Increase exemption for books and tools of trade to $1,250.
[10] Loss of less than $5 million.
[11] Gain of less than $1 million.
[12] Gain of less than $5 million.
[13] Gain of less than $25 million.
[14] Gain of less than $30 million.
[15] No new suspense accounts could be established in taxable years ending after 9/13/95. The income in existing suspense accounts would be recognized in equal installments over a 20-years period beginning with the first taxable year beginning after 9/13/95.
[16] Gain of less than $500,000.
[17] Loss of less than $10 million.
[18] Various effective dates depending on provisions.
[19] Effective for amounts received after date of enactment and property placed in service after date of enactment with the exception of certain property subject to a binding contract on the date of enactment.
[20] This provision considers interaction effects of SIMPLE retirement plan provisions.
[21] Loss of less than $25 million.

Legend for ''Effective'' column: ama=awards made after; ara=amounts received after; asda=annuity starting date after; aloIRSg=after Issuance of Internal Revenue Service guidance; bia DOE=bonds issued after date of enactment; cc/tyea/E=contracts completed in taxable years ending after date of enactment; cela=contracts entered into after;cla=cash leases after; da=distributions after; dda=decedents dying after; DDA=disasters declared after; dda DOE=decedents dying after date of enactment; dda/gma=decedents dying after and gifts made after; DOE=date of enactment; eall GATT=effective as if included in GATT; eall OBRA'90=effective as if included in the Omnibus Budget Reconciliation Act of 1990; eall OBRA'93=effective as if included in the Omnibus Budget Reconciliation Act of 1993; fcqa DOE=first calendar quarter after date of enactment; fcq DOE+180 days=beginning of first calendar quarter that starts at least 180 days after date of enactment; ga DOE=gifts after date of enactment; gira=gross income received after; gsta=generation skipping transfers after; ica=involuntary conversion after; Ipoaa=interest paid or accrued after; lia=levies issued after; lida=leasehold improvements disposed of after; lma=loans made after; lyba=limitation years beginning after; pca DOE=proceeding commenced after date of enactment; pma=payments made after; polda=payments on interest due after; ppisa=property placed in service after; pplso/a/b DOE=property placed in service on, after, or before date of enactment; pra=payments received after; pra/cdoa=payments received after, for crop damage occurring after; ptoo/a=prohibited transactions occurring on or after; pyba=plan years beginning after; pybb=plan years beginning before; sa=sales after; sea=sales and exchanges after; sla DOE=summonses issued after date of enactment; spa=services performed after; ta=transfers after; ta DOE=transfers after date of enactment; tyba=taxable years beginning after; tyba DOE=taxable years beginning after date of enactment; tybo/a DOE=taxable years beginning on or after date of enactment; tyea=taxable years ending after;tyea DOE=taxable years ending after date of enactment; tyeo/a=taxable years ending on or after; yba=years beginning after.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

## ESTIMATED BUDGETARY EFFECTS OF THE CONFERENCE AGREEMENT TO THE BALANCED BUDGET RECONCILIATION ACT OF 1995—TITLE XII, TEACHING HOSPITALS AND GRADUATE MEDICAL EDUCATION; ASSET SALES; WELFARE; AND OTHER PROVISIONS

ESTIMATED BUDGETARY EFFECTS OF THE CONFERENCE AGREEMENT TO THE BALANCED BUDGET RECONCILIATION ACT OF 1995—TITLE XII, TEACHING HOSPITALS AND GRADUATE MEDICAL EDUCATION; ASSET SALES; WELFARE; AND OTHER PROVISIONS

[By fiscal year, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| ASSET SALES [a] | | | | | | | | | | |
| Subtitle F: National Defense Stockpile: | | | | | | | | | | |
| Budget Authority | −21 | −79 | −79 | −79 | −80 | −155 | −156 | −649 | | |
| Outlays | −21 | −79 | −79 | −79 | −80 | −155 | −156 | −649 | | |
| DIRECT SPENDING | | | | | | | | | | |
| Subtitle A: Block Grants for Temporary Assistance for Needy Families: | | | | | | | | | | |
| Budget Authority | −164 | −1,223 | −1,489 | −1,826 | −2,215 | −2,117 | −2,394 | −11,428 | | |
| Outlays | −690 | −993 | −1,224 | −1,521 | −2,080 | −2,062 | −2,359 | −10,929 | | |
| Subtitle B: Supplemental Security Income: | | | | | | | | | | |
| Budget Authority | −51 | −1,258 | −1,896 | −2,457 | −3,029 | −2,805 | −3,290 | −14,766 | | |
| Outlays | 13 | −1,168 | −1,916 | −2,398 | −2,988 | −2,784 | −3,270 | −14,511 | | |
| Subtitle C: Child Support: | | | | | | | | | | |
| Budget Authority | 104 | −36 | 75 | 51 | 4 | 43 | −124 | 117 | | |
| Outlays | 104 | −36 | 75 | 51 | 4 | 43 | −124 | 117 | | |
| Subtitle D: Restricting Welfare and Public Benefits for Legal Aliens: | | | | | | | | | | |
| Budget Authority | −125 | −2,800 | −3,645 | −3,615 | −3,815 | −3,345 | −3,640 | −20,985 | | |
| Outlays | −125 | −2,800 | −3,640 | −3,610 | −3,815 | −3,340 | −3,640 | −20,970 | | |
| Subtitle E: Teaching Hospitals and Graduate Medical Education Trust Fund: | | | | | | | | | | |
| Budget Authority | 0 | 1,100 | 1,300 | 2,000 | 2,600 | 3,100 | 3,400 | 13,500 | | |
| Outlays | 0 | 1,100 | 1,300 | 2,000 | 2,600 | 3,100 | 3,400 | 13,500 | | |
| Subtitle G: Child Protection Block Grant Programs and Foster Care and Adoption Assistance: | | | | | | | | | | |
| Budget Authority | 1,399 | −329 | −373 | −424 | −470 | −521 | −559 | −1,277 | | |
| Outlays | 1,610 | −176 | −349 | −403 | −449 | −493 | −537 | −797 | | |
| Subtitle H: Child Care: | | | | | | | | | | |
| Budget Authority | 1,026 | 1,240 | 1,320 | 1,400 | 1,500 | 1,625 | 1,745 | 9,856 | | |
| Outlays | 909 | 1,219 | 1,312 | 1,392 | 1,490 | 1,613 | 1,733 | 9,668 | | |
| Subtitle I: Child Care Nutrition Programs: | | | | | | | | | | |
| Budget Authority | −124 | −634 | −749 | −843 | −904 | −1,004 | −1,114 | −5,372 | | |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2002, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 1996–2000 | 1996–2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| Outlays | −110 | −583 | −730 | −828 | −891 | −990 | −1,095 | −5,207 | | |
| Subtitle J: Food Stamps and Commodity Distribution: | | | | | | | | | | |
| Budget Authority | −918 | −3,023 | −3,739 | −4,315 | −4,860 | −5,437 | −6,060 | −28,352 | | |
| Outlays | −918 | −3,023 | −3,739 | −4,315 | −4,860 | −5,437 | −6,060 | −28,352 | | |
| Subtitle K: Miscellaneous: | | | | | | | | | | |
| Budget Authority | −20 | −580 | −580 | −585 | −585 | −585 | −585 | −3,520 | | |
| Outlays | −20 | −524 | −580 | −585 | −585 | −585 | −585 | −3,464 | | |
| Subtitle L: Reform of the Earned Income Credit: | | | | | | | | | | |
| Budget Authority | −163 | −3,268 | −3,513 | −3,756 | −4,045 | −4,290 | −4,459 | −23,494 | | |
| Outlays | −163 | −3,268 | −3,513 | −3,756 | −4,045 | −4,290 | −4,459 | −23,494 | | |
| Subtitle M: Clinical Laboratories: | | | | | | | | | | |
| Budget Authority | [b] | [b] | [b] | [b] | [b] | [b] | [b] | [b] | | |
| Outlays | [b] | [b] | [b] | [b] | [b] | [b] | [b] | [b] | | |
| Subtotal, Direct Spending: | | | | | | | | | | |
| Budget Authority | 964 | −10,811 | −13,279 | −14,370 | −15,809 | −15,336 | −17,080 | −85,721 | | |
| Outlays | 610 | −10,232 | 13,004 | −13,973 | −15,619 | −15,225 | −16,996 | −84,439 | | |
| Total Mandatory Spending (Asset Sales plus Direct Spending): | | | | | | | | | | |
| Estimated Budget Authority | 943 | −10,890 | −13,358 | −14,449 | −15,889 | −15,491 | −17,236 | −86,370 | | |
| Estimated Outlays | 589 | −10,311 | −13,083 | −14,052 | −15,699 | −15,380 | −17,152 | −85,088 | | |
| REVENUES | | | | | | | | | | |
| Subtitle L: Reform of the Earned Income Credit: Revenues | 60 | 1,183 | 1,294 | 1,391 | 1,493 | 1,627 | 1,845 | 8,893 | | |

[a] Under the 1996 budget resolution, proceeds from asset sales are counted in the budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirement.

[b] CBO cannot estimate whether this proposal would, on balance, increase or decrease spending for Medicare.

Mr. EXON. Turning to the second point of order,

If my colleagues consider the issue fairly, I believe they will agree that the tax title violates section 313(b)(1)(E) of the Budget Act. That subparagraph prohibits provisions that balloon the deficit in the out-years, unless the loss is offset by out-year savings from other provisions contained in the same title. I ask unanimous consent that the text and legislative history of section 313(b)(1)(E) of the Budget Act be printed in the RECORD.

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

(E)[1] a provision shall be considered to be extraneous if it increases, or would increase, net outlays,[2] or if it decreases, or would decrease, revenues during a fiscal year after the fiscal years covered by such reconciliation bill or reconciliation resolution,[3] and such increases or decreases are greater[4] than outlay reductions or revenue increases resulting from other provisions in such title[5] in such year;[6]

FOOTNOTES

[1] Section 205(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 added subparagraph (E). Pub. L. No. 100–119, §205(b), 101 Stat. 754, 784–85 (1987).

[2] Section 3(1) defines ''outlays.''

[3] Section 310(b) defines ''reconciliation resolution.''

[4] The Congressional Budget Act makes no exception for violations of negligible amounts.

[5] This basis of extraneousness depends on the balance of the title in which the drafters locate a provision. Consequently, attentive drafters can avoid this violation by combining or rearranging the contents of titles so as to ensure that no title worsens the deficit in any out-year.

[6] Section 205(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 added subparagraph (E). Pub. L. No. 100–119, §205(b), 101 Stat. 754, 784–85 (1987). The joint statement of managers in the conference report on that bill stated with regard to subparagraph (E):

6. Extraneous Provisions in Reconciliation Legislation

*Current Law:*

Title XX of the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99–272), as amended by Section 7006 of the Omnibus Budget Reconciliation Act of 1986 (P.L. 99–509), established a temporary rule in the Senate—referred to as the ''Byrd Rule''—to exclude extraneous matter from reconciliation legislation. The rule specifies the types of provisions considered to be extraneous, provides for a point of order against the inclusion of extraneous matter in reconciliation measures, and requires a three-fifths vote of the Senate to waive or appeal the point of order. The rule expires on January 2, 1988.

*Senate Amendment:*

The Senate amendment (Section 228) amends the Byrd Rule (which applies only in the Senate) to include in the definition of extraneous matter provisions which increase net outlays or decrease revenues during a fiscal year beyond those fiscal years covered by the reconciliation measure and which result in a net increase in the deficit for that fiscal year. The Senate amendment also extends the expiration date of the Byrd Rule to September 30, 1992.

*Conference Agreement:*

The House recedes and concurs in the Senate amendment. This rule applies only in the Senate.

It is the intent of the conferees that expiration after the reconciliation period of a revenue increase or extension provided for in a reconciliation bill would not, of itself, be considered a revenue decrease for purposes of this provision. It could, however, contribute to a finding that a spending increase or a positive revenue decrease in that legislation violated this rule.

H.R. CONF. REP. No. 100–313, 100th Cong., 1st Sess. 65 (1987), reprinted in 1987 U.S.C.C.A.N. 739, 765.

Mr. EXON. And I say to my colleagues that the tax title in the reconciliation conference report creates enormous loses in the out-years. Just look at the capital gains provisions, for example, which lose nearly $12 billion in 2002, over $13 billion in 2003, and nearly $16 billion in 2004. And these numbers are from the Joint Committee on Taxation, which understates the losses from capital gains relative to the estimates of the Treasury Department.

In total, the tax breaks in this bill worsen the deficit by over $47 billion in 2003, over $51 billion in 2004, and nearly $57 billion in 2005. These tax cuts continue in the out-years to dig us into a deeper and deeper hole. Over 10 years, the Republican tax cuts worsen the deficit by nearly $382 billion.

Mr. President, I ask unanimous consent that a table prepared by the Joint Committee on Taxation displaying the 10-year effects of these tax breaks be printed in the RECORD at this point.

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

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CONTRACT WITH AMERICA PROVISIONS | | | | | | | | | | | | | | |
| I. Family tax relief provisions: | | | | | | | | | | | | | | |
| 1. $500 tax credit for children under age 18—Senate amendment ($75,000/$110,000 phase-out with no indexing). | 10/1/95 | −4,449 | −28,355 | −22,529 | −22,761 | −22,996 | −23,169 | −23,343 | −20,519 | −23,697 | −23,875 | −101,090 | −147,602 | −218,693 |
| 2. Reduce the marriage penalty | tyba 12/31/95 | −137 | −474 | −739 | −952 | −1,458 | −1,970 | −2,270 | −3,838 | −5,074 | −6,866 | −3,760 | −8,000 | −23,778 |
| 3. $5,000 credit for adoption expenses—Senate amendment, but phase out beginning at $75,000 AGI; require finalized adoption only for foreign adoptions; special needs adoptions—House bill. | tyba 12/31/95 | −28 | −285 | −302 | −320 | −336 | −337 | −337 | −337 | −339 | −339 | −1,271 | −1,945 | −2,960 |
| 4. $1,000 deduction (with residency and support tests) for custodial care of certain elderly dependents in taxpayer's home. | tyba 12/31/95 | −74 | −115 | −119 | −124 | −129 | −134 | −138 | −142 | −146 | −151 | −561 | −833 | −1,271 |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| II. Savings and investment provisions: | | | | | | | | | | | | | | |
| 1. Provisions relating to individual Retirement Arrangements—(a) deductible IRAs—Senate amendment, except increase phaseout range for joint filers in $2,500 increments; Homemakers eligible for full IRA deduction—both House bill and Senate amendment; (b) back-end IRAa—House bill with coordination of contribution limits; (c) definition of special purpose withdrawals—Senate amendment; (d) penalty free withdrawals from deductible IRAs—Senate amendment. | tyba 12/31/95 | −221 | −487 | −100 | −990 | −1,817 | −3,332 | −4,807 | −5,770 | −6,860 | 8,164 | −3,615 | −11,755 | −32,549 |
| 2. Capital gains reforms: (a) individual capital gains—House bill; (b) small business stock—14% maximum rate for individuals, reduced corporate rate; (c) indexing of capital gains—House bill, with 6-year delay of effective date; (d) corporate capital gains—Senate amendment; and (e) capital loss deducation for sale of principal residence—House bill: | | | | | | | | | | | | | | |
| a. Corporate | tyea 12/31/94 | −1,009 | −893 | −912 | −945 | −971 | −1,024 | −1,129 | −1,188 | −1,246 | −1,307 | −4,730 | −6,883 | −10,624 |
| b. Individual | tyea 12/31/94 | 2,857 | −2,677 | −6,757 | −7,546 | −8,191 | −7,990 | −1,450 | −10,483 | −12,166 | −14,483 | −22,314 | −28,854 | −65,986 |
| 3. Alternative minimum tax (AMT) Reform—Senate amendment, except conform depreciation lives and methods under AMT and, with respect to certain minimum tax credits, substitute 7 years for 5 years. | ppisa & tyba 12/31/95 | −1,290 | −3,149 | −3,722 | −3,248 | −2,141 | −1,487 | −1,252 | −1,015 | −985 | −1,000 | −13,550 | −16,291 | −19,291 |
| III. Health care provisions: | | | | | | | | | | | | | | |
| 1. Treatment of long-term care insurance—House bill, but adopt Senate provision providing no cap on indemnity policies, permit penalty-free (not tax-free) 401(k) and IRA withdrawals, $175 per day cap on per diem benefits, and adopt Senate consumer protections. | 1/1/96 | −860 | −556 | −659 | −751 | −846 | −951 | −1,061 | −1,166 | −1,289 | −1,401 | −3,672 | −5,684 | −9,540 |
| 2. Tax treatment of accelerated death benefits under life insurance contracts—House bill, but adopt Senate rule relating to NAIC guidelines. | 1/1/96 | −6 | −67 | −107 | −166 | −214 | −265 | −316 | −376 | −446 | −481 | −560 | −1,141 | −2,442 |
| 3. Health insurance organizations eligible for benefits of section 833—Senate amendment. | tyea 10/13/95 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −5 | −8 | −12 |
| 4. Increase tax-free death benefit limit on burial insurance polices—Senate amendment. | ceia 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| IV. Estate and gift tax provisions: | | | | | | | | | | | | | | |
| 1. Phase up unified credit to $750,000—House bill with 6-year phase in with indexing thereafter; index $10,000 annual gift tax exclusion; $750,000 special use valuation; generation-skipping tax; and indexing of $1 million value of closely held businesses under section 6601j. | dda/gma 12/31/95 | ..... | −333 | −663 | −1,020 | −1,401 | −1,805 | −2,154 | −2,379 | −2,864 | −3,136 | −3,417 | −7,376 | −15,755 |
| 2. Reduction in estate taxes for qualified businesses after unified credit increase—Senate amendment, but change thresholds to $1 million/$1.5 million and coordinate with section 2032A and section 6166. | dda 12/31/95 | ..... | −490 | −579 | −680 | −798 | −934 | −1,081 | −1,295 | −1,513 | −1,766 | −2,547 | −4,562 | −9,136 |
| 3. Provide a 40% exclusion from estate taxes for property donated subject to a conservation easement (within 25 miles of a metropolitan statistical area or a national park or wilderness area; or within 10 miles of an Urban National Forest). | dda 12/31/95 | ..... | −42 | −47 | −51 | −60 | −67 | −74 | −81 | −90 | −99 | −200 | −340 | −610 |
| 4. Clarify cash leases under section 2032A—Senate amendment. | cla 12/31/95 | ..... | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −8 | −12 | −18 |
| V. Job creation and wage enhancement provisions: | | | | | | | | | | | | | | |
| 1. Leasehold improvements provision—House bill. | llda 3/13/95 | −34 | −230 | −17 | −15 | −12 | −9 | −6 | −3 | - | −3 | −98 | −114 | −114 |
| 2. Small business incentives—House bill, but modify increase in expensing limitation for small businesses to $19,000 for 1996, $20,000 for 1997, $21,000 for 1998, $22,000 for 1999, $23,000 for 2000, $24,000 for 2001, and $25,000 for 2002 and thereafter. | ppisa 12/31/95 | −191 | −379 | −470 | −553 | −554 | −550 | −489 | −360 | −240 | −150 | −2,147 | −3,186 | −3,936 |
| Subtotal: Contract With America related provisions. | | −5,443 | −38,325 | −37,725 | −40,125 | −41,927 | −44,027 | −37,010 | −51,955 | −56,958 | −63,218 | −163,545 | −244,586 | −416,715 |
| VI. Expiring provisions: | | | | | | | | | | | | | | |
| 1. Provisions extended through 12/31/96: | | | | | | | | | | | | | | |
| a. Work opportunity tax credit—Senate amendment, with modifications [3]. | 1/1/96 | −64 | −107 | −65 | −25 | −10 | −2 | ..... | ..... | ..... | ..... | −271 | −274 | −274 |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| b. Employer-provided educational assistance; applies to undergraduate education only after 1995. | 1/1/95 | −611 | −288 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | −899 | −899 | −899 |
| c. R&E credit—House bill ..... | 7/1/95 | −1,322 | −842 | −387 | −275 | −165 | −42 | ..... | ..... | ..... | ..... | −2,991 | −3,033 | −3,033 |
| d. Orphan drug tax credit—Senate amendment. | 1/1/95 | −35 | −10 | −2 | −1 | −1 | (2) | (2) | (2) | (2) | (2) | −49 | −50 | −51 |
| e. Contribution of appreciated stock to private foundations. | 1/1/95 | −107 | −18 | −6 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | −130 | −130 | −130 |
| 2. Commercial aviation fuel: extend 4.3 cents/gallon exemption through 9/30/97; but conditional on extension of Airport and Airway Trust Fund taxes. | 10/1/95 | −417 | −439 | −6 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | −863 | −863 | −863 |
| 3. Extend all Airport and Airway Trust Fund excise taxes through 9/30/96—House bill [4]. | 1/1/96 | No revenue effect | | | | | | | | | | | | |
| 4. Extend IRS user fees through 9/30/02 [5]—Senate amendment. | 10/1/00 | ..... | ..... | ..... | ..... | ..... | 35 | 35 | ..... | ..... | ..... | ..... | 70 | 70 |
| 5. Sunset the low-income housing tax credit after 12/31/97; sunset national pool after 12/31/95—House bill. | DOE | −24 | −29 | 64 | 333 | 674 | 1,046 | 1,431 | 1,822 | 2,218 | 2,617 | 1,018 | 3,494 | 10,152 |
| 6. Superfund and oil spill liability taxes: | | | | | | | | | | | | | | |
| a. Extend Superfund excise taxes through 9/30/96; receipts go to general revenues after 7/31/96. | DOE | 319 | 16 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 335 | 335 | 335 |
| b. Extend Superfund AMT through 12/31/96 [6]. | DOE | 290 | 193 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 483 | 483 | 483 |
| c. Extend oil spill tax through 9/30/02—Senate amendment. | 1/1/96 | ..... | ..... | ..... | ..... | ..... | 60 | 60 | ..... | ..... | ..... | ..... | 120 | 120 |
| 7. Extend excise tax refund authority for alcohol fuels blenders—Senate amendment. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 8. Extend section 29 binding contract date 6 months from date of enactment and placed-in-service date to 12/3/97 for biomass and coal. | DOE | ..... | −30 | −81 | −97 | −93 | −96 | −101 | −106 | −111 | −117 | −301 | −499 | −833 |
| 9. Exempt from diesel dyeing requirement any States exempt from Clean Air Act dyeing requirement (permanent). | fcqa DOE | (2) | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −3 | −4 | −6 |
| 10. Suspend tax on diesel fuel for recreational boats—Senate amendment (through 6/30/97). | 1/1/96 | −24 | −27 | −4 | −4 | −1 | ..... | ..... | ..... | ..... | ..... | −60 | −61 | −61 |
| 11. Permanent extension of FUTA exemption for alien agricultural workers [5]—House bill. | 1/1/95 | −5 | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −17 | −23 | −32 |
| 12. Information Sharing Provision: Extension of disclosure of return Information to Department of Veterans Affairs (outlay reduction) [5]—House bill, except extend through 9/30/02 only. | DOE | ..... | ..... | ..... | 14 | 28 | 42 | 56 | ..... | ..... | ..... | 42 | 140 | 140 |
| VII. Medical savings accounts: | | | | | | | | | | | | | | |
| 1. Medical Savings Accounts—House bill, except follow the Senate amendment with respect to (a) maximum contribution limit ($2,000 single and $4,000 family); (b) tax-free build up of earnings; (c) definition of qualified medical expenses; (d) post-death distribution rules; and (e) clarification relating to capitalization of policy acquisition costs. | tyba 12/31/95 | −122 | −211 | −258 | −307 | −362 | −391 | −421 | −451 | −483 | −515 | −1,260 | −2,072 | −3,522 |
| VIII. Taxpayer bill of rights 2: | | | | | | | | | | | | | | |
| 1. Expansion of authority to abate interest. | DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) | (8) |
| 2. Extension of interest-free period for payment of tax—House bill. | 6/30/96 | −2 | −7 | −8 | −8 | −8 | −9 | −9 | −9 | −10 | −10 | −10 | −51 | −80 |
| 3. Joint return may be made after separate returns without full payment of tax. | tyba DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) | (8) |
| 4. Increase levy exemption [9] ..... | lia 12/31/95 | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (10) | (8) |
| 5. Offers-in-compromise—Senate amendment. | DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) | (8) |
| 6. Increased limit on attorney fees—House bill. | DOE | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −5 | −7 | −10 |
| 7. Award of litigation costs permitted in declaratory judgment proceedings. | pca DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) | (8) |
| 8. Increase in limit on recovery of civil damages—House bill. | DOE | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −3 | −15 | −21 | −30 |
| 9. Enrolled agents included as third-party recordkeepers. | sla DOE | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (7) | (8) | (8) | (8) |
| 10. Annual reminders to taxpayers with delinquent accounts. | 1/1/96 | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (12) | (12) | (12) |
| IX. Casualty and involuntary conversion provision: | | | | | | | | | | | | | | |
| 1. Change involuntary conversion rules for Presidentially declared disaster areas—Senate amendment. | DDA 12/31/94 | −6 | −14 | −10 | −10 | −10 | −10 | −10 | −10 | −10 | −10 | −50 | −70 | −100 |
| X. Exempt and charitable organizations provisions: | | | | | | | | | | | | | | |
| 1. Provide tax-exempt status to common investment funds—Senate amendment. | tyea 12/31/95 | −4 | −6 | −6 | −7 | −7 | −7 | −8 | −8 | −8 | −9 | −30 | −45 | −70 |
| 2. Exclusion from UBIT for certain corporate sponsorship payments—Senate amendment. | pra 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 3. Intermediate sanctions for certain tax-exempt organizations—House bill, with technical modifications. | 9/14/95 1/1/96 | 4 | 4 | 4 | 5 | 5 | 5 | 6 | 6 | 6 | 7 | 22 | 33 | 52 |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| XI. Corporate and other reforms: | | | | | | | | | | | | | | |
| 1. Reform the tax treatment of certain corporate stock reemptions—House bill. | da 5/3/95 | −83 | −100 | −17 | 84 | 209 | 343 | 437 | 475 | 514 | 582 | 93 | 873 | 2,444 |
| 2. Require corporate tax shelter reporting; modify recipient notice to 90 days. | aiolRSg | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([13]) | ([13]) | ([14]) |
| 3. Disallow interest deduction for corporate-owned life insurnce policy loans—Senate amendment, but phase out disallowance (90% in 1996, 80% in 1997, and 70% in 1998; cap borrowing at 20,000 lives); cap interest rate (with special rules for grandfathered plans); exception for key person policies with 10 lives; limit borrowing in 1996 to policies purchased in 1994 and 1995. | ipoaa 10/31/95 | 220 | 579 | 883 | 1,369 | 1,749 | 1,856 | 1,895 | 1,901 | 1,924 | 1,940 | 4,800 | 8.551 | 14,316 |
| 4. Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting. | ([15]) | 26 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 44 | 179 | 261 | 392 |
| 5. Phase-in repeal of section 936; Wage credit companies—6 years of present law and then House bill with modified base period; income companies—2 years of present law and then House bill with modified base period; QPSII—repealed 1/1/96. | tyba 12/3/95 | 255 | 605 | 552 | 596 | 498 | 516 | 746 | 1,116 | 1,390 | 1,681 | 2,506 | 3,766 | 7,953 |
| 6. Corporate accounting—reform of income forecast method—Senate amendment. | ppisa 9/13/95 | 32 | 69 | 29 | 13 | 14 | 16 | 19 | 22 | 28 | 31 | 157 | 192 | 273 |
| 7. Permit transfers of excess pension assets—House bill but (a) require asset cushion equal to the greater of (i) 125% of termination liability (using PBGC assumptions) and (ii) the plan's accrued liability; (b) permit withdrawals only for ERISA-covered benefits; (c) prohibit transfers when company in bankruptcy; (d) no excise tax; (e) extend for 1 additional year; and (f) conform present-law section 420 asset cushion. | ta DOE | 1,439 | 1,375 | 958 | 554 | 195 | 151 | −19 | −13 | −20 | −27 | 4,521 | 4,651 | 4,591 |
| 8. Modify exclusion of damages received on account of personal injury or sickness—Senate amendment, with technical clarifications. | ama 12/31/95 | 34 | 51 | 55 | 59 | 61 | 64 | 68 | 71 | 74 | 77 | 260 | 392 | 614 |
| 9. Require tax reporting for payments to attorneys; delay effective date for 1 year. | pma 12/31/96 | ..... | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([12]) | ([13]) | ([13]) | ([14]) |
| 10. Expatriation tax provisions—House bill. | 2/6/95 | 64 | 97 | 146 | 199 | 254 | 289 | 304 | 319 | 335 | 351 | 760 | 1,353 | 2,358 |
| 11. Remove business exclusion for energy subsidies provided by public utilties—House bill, but modify effective date. | ara 12/31/95 | 30 | 96 | 100 | 104 | 107 | 109 | 111 | 113 | 115 | 116 | 437 | 657 | 1,000 |
| 12. Modify basis adjustment rules under section 1033. | ica 9/13/95 | 2 | 4 | 6 | 9 | 14 | 20 | 29 | 37 | 46 | 56 | 35 | 84 | 223 |
| 13. Modify the exception to the related party rule of section 1033 for individuals to only provide an exception for de minimis amounts ($100,000). | ica 9/13/95 | 1 | 2 | 4 | 6 | 8 | 11 | 13 | 15 | 17 | 19 | 21 | 45 | 96 |
| 14. Disallow rollover under section 1034 to extent of previously claimed depreciation for home office or other depreciable use of residence. | tyea 12/31/95 | 1 | 3 | 4 | 5 | 6 | 8 | 9 | 10 | 11 | 13 | 19 | 35 | 69 |
| 15. Provide that rollover of gain on sale of a principal residence cannot be elected unless the replacement property purchased is located within the United States (limit to resident aliens who terminate residence within 2 years). | sea 12/31/95 | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) | ([16]) |
| 16. Repeal exemption for withholding on gambling winnings from bingo and keno where proceeds exceed $5,000. | 1/1/96 | 20 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 8 | 44 | 58 | 80 |
| 17. Repeal tax credit for contributions to special Community Development Corporations. | DOE | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 8 | 12 | 18 |
| 18. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks. | 1/1/96 | 8 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 84 | 122 | 179 |
| 19. Apply failure to pay penalty to substitute returns. | DOE | 1 | 3 | 29 | 30 | 32 | 33 | 35 | 37 | 38 | 40 | 95 | 163 | 278 |
| 20. Allow conversion of scholarship funding corporation to taxable corporation—House bill. | DOE | 3 | 4 | 6 | 8 | 10 | 10 | 9 | 7 | 6 | 5 | 31 | 48 | 67 |
| 21. Apply look-through rule for purposes of characterizing certain subpart F insurance income as UBIT—House bill. | gira 12/31/95 | 7 | 23 | 24 | 27 | 30 | 32 | 34 | 37 | 40 | 44 | 111 | 177 | 298 |
| 22. Repeal 50% Interest Income exclusion for financial institution loans to ESOPs—Senate amendment. | ima 10/13/95 | 27 | 69 | 109 | 149 | 187 | 224 | 261 | 295 | 331 | 365 | 541 | 1,026 | 2,019 |
| 23. Modify the ozone depleting chemicals tax for imported recycled halons—Senate amendment. | DOE | ([7]) | ([7]) | ([7]) | ([7]) | ([7]) | ([7]) | ([7]) | ([7]) | ([7]) | ([7]) | ([10]) | ([17]) | ([7]) |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 24. Modify two county tax-exempt bond rule for local furnishers of electricity or gas—Senate amendment. | DOE | ([16]) | 1 | 2 | 3 | 4 | 5 | 6 | 8 | 9 | 10 | 10 | 22 | 49 |
| 25. Provide tax-exempt bonds status for Alaska Power Administration sale—Senate amendment. | bia DOE | ([2]) | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −4 | −8 | −12 |
| 26. Modify treatment of foreign trusts—Senate amendment. | ([18]) | 93 | 162 | 171 | 180 | 188 | 197 | 206 | 214 | 223 | 245 | 794 | 1,197 | 1,879 |
| 27. Provide for flow through treatment for Financial Asset Securitization Investment Trusts (FASITs)—Senate amendment. | DOE | 34 | 18 | 10 | 5 | 2 | ..... | −2 | −4 | −6 | −8 | 69 | 67 | 49 |
| 28. Tax-free treatment of contributions in aid of construction for water utilities; change depreciation for water utilities—Senate amendment. | ([19]) | −16 | −26 | −12 | 4 | 19 | 32 | 43 | 51 | 61 | 71 | −31 | 43 | 226 |
| 29. Provide 3-year amortization of intrastate operating rights of truckers—Senate amendment. | tyeo/a 1/1/95 | −11 | −14 | −8 | −4 | ..... | ..... | ..... | ..... | ..... | ..... | −37 | −37 | −37 |
| 30. A life insurance company may elect to treat 20% of capital losses as ordinary income, spread over 10 years; the taxpayer has the option to change the treatment of these losses in the future—Senate amendment, with modifications. | tyba 12/31/94 | 1 | ([16]) | ([2]) | −1 | ([2]) | ([16]) | ([16]) | ([16]) | ([2]) | −2 | ([16]) | 1 | −2 |
| 31. Clarify that newspaper carriers and distributors are independent contractors—Senate amendment. | spa 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 32. Allow for tax-free conversion of common trust funds to mutual funds—Senate amendment. | ta 12/31/95 | −4 | −9 | −8 | −8 | −8 | −8 | −8 | −8 | −9 | −9 | −37 | −52 | −78 |
| 33. Eliminate interest allocation exception for certain nonfinancial corporations—Senate amendment. | tyba 12/31/95 | 41 | 93 | 107 | 123 | 141 | 163 | 187 | 201 | 215 | 228 | 505 | 855 | 1,499 |
| 34. Modify depreciation for small motor fuel/convenience store outlets—Senate amendment. | ppiso/a/b DOE | −1 | −4 | −23 | −26 | −29 | −16 | −19 | −22 | −24 | −27 | −83 | −118 | −191 |
| 35. Repeal of section 593 with residential loan test for 1996 and 1997. | tyba 12/31/95 | 63 | 95 | 216 | 280 | 277 | 272 | 260 | 250 | 243 | 236 | 931 | 1,462 | 2,192 |
| 36. Phase out and extend luxury automobile excise tax through 12/31/02. | 1/1/96 | −41 | −97 | −159 | −204 | 179 | 265 | 200 | 46 | ..... | ..... | −322 | 143 | 188 |
| XII. Technical correction provision: Luxury Excise Tax Indexing. | DOE | 14 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 14 | 14 | 14 |
| XIII. Simplification provisions relating to individuals: | | | | | | | | | | | | | | |
| 1. Rollover of gain on sale of principal residence: | | | | | | | | | | | | | | |
| a. Multiple sales within rollover period—House bill. | sa DOE | −1 | −2 | −2 | −2 | −2 | −2 | −3 | −3 | −3 | −3 | −9 | −14 | −23 |
| b. Rules in case of divorce—House bill. | sa DOE | −2 | −2 | −2 | −2 | −3 | −3 | −3 | −4 | −4 | −4 | −11 | −17 | −29 |
| 2. One-time exclusion on the sale of a principal residence by an individual who has attained age 55 (allow additional exclusion for married couples under certain conditions where one spouse has claimed an exclusion prior to their marriage)—House bill. | sa 9/13/95 | −10 | −19 | −20 | −21 | −22 | −23 | −24 | −25 | −26 | −27 | −92 | −139 | −217 |
| 3. Treatment of certain reimbursed expenses of rural mail carriers—House bill. | tyba 12/31/95 | ([2]) | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −5 | −6 | −11 |
| 4. Travel expenses of Federal employee participating in a Federal criminal investigation—House bill. | tyea DOE | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | −1 | −1 | −2 |
| 5. Treatment of storage of product samples—House bill. | tyba 12/31/95 | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | ([2]) | −2 | −3 |
| XIV. Pension simplification provisions: | | | | | | | | | | | | | | |
| A. Simplified Distribution Rules: | | | | | | | | | | | | | | |
| 1. Sunset of 5-year income averaging for lump-sum distributions—Senate amendment. | tyba 12/31/98 | 24 | 74 | 63 | 109 | 80 | 42 | 17 | 16 | ..... | ..... | 350 | 409 | 425 |
| 2. Repeal of $5,000 exclusion of employees' death benefits. | tyba 12/31/95 | 16 | 46 | 49 | 52 | 54 | 55 | 55 | 56 | 57 | 57 | 217 | 328 | 498 |
| 3. Simplified method for taxing annuity distributions under certain employer plans—Senate amendment. | asda 12/31/95 | 10 | 28 | 28 | 28 | 29 | 29 | 29 | 30 | 30 | 31 | 123 | 182 | 273 |
| 4. Minimum required distribution. | yba 12/31/95 | −1 | −4 | −4 | −4 | −4 | −4 | −4 | −4 | −4 | −4 | −17 | −25 | −37 |
| B. Increased Access to Pension Plans—Tax-exempt organizations eligible under section 401(k)—Senate amendment, but permit all tax exempts and Indian tribes to have 401(k) plans. | yba 12/31/96 | ..... | −8 | −22 | −24 | −25 | −26 | −28 | −29 | −30 | −31 | −79 | −133 | −223 |
| C. Nondiscrimination Provisions: | | | | | | | | | | | | | | |
| 1. Simplified definition of highly compensated employees—House bill, with modifications. | yba 12/31/95 | Considered in other provisions | | | | | | | | | | | | |
| 2. Repeal of family aggregation rules. | yba 12/31/95 | Considered in other provisions | | | | | | | | | | | | |
| 3. Modification of additional participation requirements. | yba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4. Safe-harbor nondiscrimination rules for qualified cash or deferred arrangements and matching contributions [20]—Senate amendment, with modification. | yba 12/31/98 | ..... | ..... | ..... | −42 | −162 | −167 | −171 | −176 | −182 | −187 | −204 | −541 | −1,085 |
| D. Miscellaneous pension simplification: | | | | | | | | | | | | | | |
| 1. Treatment of leased employees—Senate amendment. | yba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 2. Plans covering self-employed individuals. | yba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 3. Elimination of special vesting rule for multiemployer plans. | yba 12/31/95 | (2) | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −4 | −6 | −9 |
| 4. Distributions under rural cooperative plans—Senate amendment, with modifications. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 5. Treatment of governmental plans under section 415—House bill, with Senate effective date. | tybo/a DOE | Negligible revenue effect | | | | | | | | | | | | |
| 6. Uniform retirement age ..... | 1/1/96 | Considered in other provisions | | | | | | | | | | | | |
| 7. Contributions on behalf of disabled employees. | yba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 8. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations—House bill, with modification. | tyba 12/31/95 | (2) | −1 | −1 | −1 | −1 | −2 | −2 | −2 | −2 | −2 | −4 | −8 | −14 |
| 9. Require Individual ownership of section 457 plan assets—House bill, with effective date change (i.e., to the end of the first legislative session after enactment). | DOE | −6 | −18 | −21 | −24 | −25 | −25 | −26 | −27 | −28 | −29 | −94 | −145 | −229 |
| 10. Correction of GATT interest and mortality rate provisions in the Retirement Protection Act—House bill, with modifications. | eall GATT | −4 | −4 | −4 | −4 | ..... | ..... | ..... | ..... | ..... | ..... | −16 | −16 | −16 |
| 11. Multiple salary reduction agreements permitted under section 403(b). | tyba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 12. Repeal of combined plan limit—House bill, with Senate effective date. | yba 12/31/98 | ..... | ..... | ..... | −70 | −189 | −195 | −201 | −207 | −213 | −219 | −259 | −654 | −1,293 |
| 13. Modify notice required of right to qualified joint and survivor annuity—House bill. | pyba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 14. 3-year waiver of excess distribution tax—Senate amendment. | 1/1/96 | 38 | 40 | 43 | 3 | ..... | ..... | ..... | ..... | ..... | ..... | 124 | 124 | 124 |
| 15. Definition of compensation for section 415 purposes—Senate amendment. | yba 12/31/97 | ..... | ..... | −1 | −1 | −2 | −2 | −2 | −2 | −2 | −3 | −4 | −8 | −15 |
| 16. Increase section 4975 excise tax on prohibited transactions from 5% to 10%—Senate amendment. | ptoo/a 1/1/96 | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 17 | 24 | 36 |
| 17. Treatment of Indian tribal governments under section 403(b)—Senate amendment provision and permit rollover to 401(k). | pybb 1/1/95 | Negligible revenue effect | | | | | | | | | | | | |
| 18. Application of elective deferral limit to section 403(b) plans—Senate amendment, with modifications. | tyba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 19. Establish SIMPLE pension plan—Senate amendment, but repeal SEPs. | yba 12/31/95 | −45 | −69 | −71 | −74 | −76 | −79 | −82 | −85 | −88 | −91 | −335 | −497 | −761 |
| 20. Increase the self-employed health insurance deduction (35% in 1998 and 1999; 40% in 2000 and 2001; and 50% in 2002 and thereafter). | tyba 12/31/97 | ..... | ..... | −36 | −113 | −168 | −272 | −399 | −644 | −694 | −746 | −317 | −988 | −3,072 |
| XV. Partnership simplification provisions: | | | | | | | | | | | | | | |
| 1. Simplified reporting to partners—House bill, but elective. | tyba 12/31/95 | 5 | 6 | 6 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 31 | 45 | 69 |
| 2. Returns required on magnetic media for partnerships with 100 partners or more—House bill. | tyba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| XVI. Foreign tax simplification provisions: | | | | | | | | | | | | | | |
| A. Modification of passive foreign investment company provisions to eliminate overlap with subpart F and to allow mark-to-market election—House bill. | tyba 12/31/95 | −7 | −18 | −20 | −21 | −22 | −24 | −25 | −26 | −27 | −29 | −88 | −137 | −219 |
| B. Modifications to provisions affecting controlled foreign corporations: | | | | | | | | | | | | | | |
| 1. General provisions—House bill. | | −1 | −2 | −2 | −3 | −3 | −3 | −3 | −4 | −4 | −4 | −11 | −17 | −29 |
| 2. Repeal of excess passive assets provision (section 956A)—House bill. | tyba 9/30/95 | −17 | −26 | −29 | −35 | −41 | −45 | −51 | −57 | −64 | −68 | −148 | −244 | −433 |
| XVII. Other income tax simplification provisions: | | | | | | | | | | | | | | |
| A. Subchapter S corporations: | | | | | | | | | | | | | | |
| 1. Increase number of eligible shareholders—House bill. | tyba 12/31/95 | −7 | −12 | −14 | −16 | −20 | −22 | −25 | −28 | −31 | −35 | −69 | −116 | −210 |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2. Permit certain trusts to hold stock in S corporations—House bill. | tyba 12/31/95 | −1 | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −3 | −3 | −9 | −13 | −21 |
| 3. Extend holding period for certain trusts—House bill. | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 4. Financial Institutions permitted to hold safe-harbor debt—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| 5. Authority to validate certain invalid elections—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| 6. Allow Interim closing of the books. | tyba 12/31/95 | Negligible revenue effect | | | | | | | | | | | | |
| 7. Expand post-termination period and amend subchapter S audit procedures—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| 8. S corporations permitted to hold S or C subsidiaries—House bill. | tyba 12/31/95 | −3 | −7 | −9 | −11 | −13 | −15 | −17 | −20 | −23 | −26 | −43 | −75 | −144 |
| 9. Treatment of distributions during loss years—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| 10. Treatment of S corporations as shareholders in C corporations—House bill. | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 11. Elimination of certain earnings and profits of S corporations—House bill. | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 12. Treatment of certain losses carried over under at-risk rules—House bill. | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 13. Adjustments to basis of Inherited S stock—House bill. | dda DOE | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) | (11) |
| 14. Treatment of certain real estate held by an S corporation—House bill. | tyba 12/31/95 | (2) | −1 | −1 | −2 | −2 | −2 | −2 | −2 | −2 | −2 | −6 | −10 | −16 |
| 15. Transition rule for elections after termination—House bill. | tyba 12/31/95 | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) |
| 16. Interaction of subchapter S changes—House bill. | | −3 | −10 | −26 | −32 | −37 | −38 | 39 | −40 | −40 | −40 | −108 | −185 | −305 |
| B. Regulated Investment Companies (RICs)—Repeal of 30% gross income limitation for RICs—House bill. | tyea DOE | −9 | −17 | −20 | −24 | −28 | −32 | −35 | −38 | −41 | −44 | −98 | −164 | −287 |
| C. Accounting Provisions: | | | | | | | | | | | | | | |
| 1. Modifications to look-back method for long-term contracts—House bill. | cc/tyea/E | −2 | −3 | −3 | −3 | −4 | −4 | −4 | −4 | −4 | −4 | −15 | −23 | −35 |
| 2. Allow traders to adopt mark-to-market accounting for securities—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 3. Modification of Treasury ruling requirement for nuclear decommissioning funds—House bill. | tyba DOE | −4 | −4 | −5 | −5 | −5 | −5 | −5 | −4 | −5 | −6 | −23 | −33 | −49 |
| 4. Provide that a taxpayer may elect to include in income crop insurance proceeds and disaster payments in the year of the disaster or in the following year—Senate amendment. | pra/cdoa 12/31/92 | 2 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −1 | −2 | −4 | −6 |
| D. Tax-Exempt Bond Provision—Repeal of debt service-based limitation on investment in certain non-purpose investments—House bill. | bla DOE | Negligible revenue effect | | | | | | | | | | | | |
| E. Insurance Provisions: | | | | | | | | | | | | | | |
| 1. Treatment of certain insurance contracts on retired lives. | tyba 12/31/95 | 6 | −4 | 5 | 4 | 4 | 12 | −7 | −16 | −4 | −1 | 15 | 21 | −19 |
| 2. Treatment of modified guaranteed contracts. | tyba 12/31/95 | −1 | 2 | 4 | 1 | 2 | 1 | −1 | −1 | −1 | −1 | 8 | 8 | −7 |
| F. Other Provisions: | | | | | | | | | | | | | | |
| 1. Closing of partnership taxable year with respect to deceased partner—House bill. | tyba 12/31/95 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| 2. Modifications to the FICA tip credit—House bill. | eaii OBRA '93 | Negligible revenue effect | | | | | | | | | | | | |
| 3. Conform due date for first quarter estimated tax by private foundations—House bill. | 1/1/96 | Negligible revenue effect | | | | | | | | | | | | |
| 4. Treatment of dues paid to agricultural or horticultural organizations. | tyba 12/31/94 | Negligible revenue effect | | | | | | | | | | | | |
| 5. Student loan interest deduction ($2,500 above-the-line deduction; phaseout $45,000–$65,000 singles/ $65,000–$85,000 joint). | polda 12/31/95 | −52 | −152 | −157 | −162 | −168 | −174 | −180 | −186 | −193 | −200 | −691 | −1,046 | −1,624 |
| XVIII. Estate, gift, and trust tax provisions: | | | | | | | | | | | | | | |
| A. Estate and Trust Income Tax Provisions: | | | | | | | | | | | | | | |
| 1. Certain revocable trusts treated as part of estate—House bill. | DOE | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (10) | (21) | (21) | (21) |
| 2. Distributions during first 65 days of taxable year of estate—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 3. Separate share rules available to estates—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 4. Executor of estate and beneficiaries treated as related persons for disallowance of losses—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) [1]—Continued

[Fiscal years 1996–2005, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5. Limitation on taxable year of estates—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 6. Simplified taxation of earnings of pre-need funeral trusts—House bill, with $7,000 limit. | tyba DOE | (11) | (11) | (11) | (11) | (12) | (12) | (12) | (12) | (12) | (12) | (12) | 8 | 12 |
| B. Estate and gift tax provisions: | | | | | | | | | | | | | | |
| 1. Clarification of waiver of certain rights of recovery—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 2. Adjustments for gifts within 3 years of decedent's death—House bill. | DOE | ..... | −6 | −6 | −7 | −7 | −7 | −7 | −7 | −7 | −7 | −26 | −40 | −61 |
| 3. Clarification of qualified terminable interest rules—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 4. Transitional rule under section 2056A—House bill. | eaii OBRA '90 | Negligible revenue effect | | | | | | | | | | | | |
| 5. Opportunity to correct certain failures under section 2032A—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 6. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations—House bill. | ga DOE | ..... | −15 | −16 | −16 | −18 | −21 | −26 | −32 | −38 | −45 | −65 | −112 | −227 |
| 7. Clarifications relating to disclaimers—House bill. | DOE | ..... | −2 | −2 | −2 | −2 | −3 | −3 | −3 | −3 | −3 | −8 | −14 | −23 |
| 8. Clarify relationship between community property rights and retirement benefits—House bill. | DOE | ..... | −3 | −4 | −4 | −4 | −4 | −4 | −4 | −5 | −5 | −15 | −23 | −37 |
| 9. Treatment under qualified domestic trust rules of forms of ownership which are not trusts—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| C. Generation-skipping tax provisions: | | | | | | | | | | | | | | |
| 1. Taxable termination not to include direct skips—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| 2. Modification of generation-skipping transfer tax for transfers to individuals with deceased parents—Senate amendment. | gsta 12/31/94 | −3 | −4 | −4 | −4 | −4 | −4 | −4 | −4 | −4 | −5 | −19 | −27 | −40 |
| XIX. Excise tax simplification provisions: | | | | | | | | | | | | | | |
| A. Distilled spirits, wines, and beer: | | | | | | | | | | | | | | |
| 1. Credit or refund for imported bottled distilled spirits returned to bonded premises—House bill. | fcq DOE+180 days | Negligible revenue effect | | | | | | | | | | | | |
| 2. Fermented material from any brewery may be received at a distilled spirits plant—House bill. | fcq DOE+180 days | Negligible revenue effect | | | | | | | | | | | | |
| 3. Refund of tax on wine returned to bond not limited to unmerchantable wine—House bill. | fcq DOE+180 days | Negligible revenue effect | | | | | | | | | | | | |
| 4. Beer may be withdrawn free of tax for destruction—House bill. | fcq DOE+180 days | Negligible revenue effect | | | | | | | | | | | | |
| 5. Transfer to brewery of beer imported in bulk without payment of tax—House bill. | fcq DOE+180 days | Negligible revenue effect | | | | | | | | | | | | |
| B. Consolidate imposition of aviation gasoline excise tax—House bill. | 1/1/96 | (16) | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | (16) | (16) | (16) |
| C. Other excise tax provision—Clarify present law for retail truck excise tax (certain activities do not constitute remanufacture)—House bill. | DOE | Negligible revenue effect | | | | | | | | | | | | |
| XX. Administrative simplification provision: | | | | | | | | | | | | | | |
| A. General provision—Certain notices disregarded under provision increasing interest rate on large corporate underpayments—House bill. | 1/1/96 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | −1 | −1 |
| XXI. Increase in public debt limit | | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Total of revenue provisions | | −5,408 | −37,217 | −35,567 | −37,438 | −38,594 | −39,856 | −32,430 | −47,042 | −51,423 | −56,939 | −154,155 | −226,450 | −381,795 |
| Total of outlay provisions | | ..... | ..... | ..... | 14 | 28 | 42 | 56 | ..... | ..... | ..... | 42 | 140 | 140 |

[1] The Earned Income Credit provisions are included in Title XII of the conference agreement; the budget effects are shown in a separate table.
[2] Loss of less than $500,000.
[3] Credit rate at 35% on first $6,000 of income, eligible workers expanded to include welfare cash recipients and veteran foodstamp recipients; 500 hour work requirement.
[4] Section 257(b)(2)(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990, indicates that ''excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates''. Since the revenues from these taxes are dedicated to the Airport and Airway Trust Fund, an extension of the taxes is scored as having no revenue effect.
[5] Estimates provided by the Congressional Budget Office (CBO).
[6] Estimates presented after interaction with Alternative Minimum tax provisions and are shown net of offset with the corporate income tax.
[7] Loss of less than $1 million.
[8] Loss of less than $2 million.
[9] Increase exemption for books and tools of trade to $1,250.
[10] Loss of less than $5 million.
[11] Gain of less than $1 million.
[12] Gain of less than $5 million.
[13] Gain of less than $25 million.
[14] Gain of less than $30 million.
[15] No new suspense accounts could be established in taxable years ending after 9/13/95. The income in existing suspense accounts would be recognized in equal installments over a 20-year period beginning with the first taxable year beginning after 9/13/95.
[16] Gain of less than $500,000.
[17] Loss of less than $10 million.
[18] Various effective dates depending on provisions.
[19] Effective for amounts received after date of enactment and property placed in service after date of enactment with the exception of certain property subject to a binding contract on the date of enactment.
[20] This provision considers interaction effects of SIMPLE retirement plan provisions.
[21] Loss of less than $25 million.

Legend for ''Effective'' column: ama=awards made after; ara=amounts received after; asda=annuity starting date after; aiolRSg=after Issuance of Internal Revenue Service guidance; bia DOE=bonds issued after date of enactment; cc/tyea/E=contracts completed in taxable years ending after date of enactment; celia=contracts entered into after; cla=cash leases after; da=distributions after; dda=decedents dying after; DDA=disasters declared after; dda DOE=decedents dying after date of enactment; dda/gma=decedents dying after and gifts made after; DOE=date of enactment; eaii GATT=effective as if included in GATT; eaii OBRA'90=effective as if included in the Omnibus Budget Reconciliation Act of 1990; eaII OBRA'93=effective as if included in the Omnibus Budget Reconciliation Act of 1993; fcqa DOE=first calendar quarter after date of enactment; fcq DOE+180 days=beginning of first calendar quarter that starts at least 180 days after date of enactment; ga DOE=gifts after date of enactment; gira=gross income received after; gsta=generation skipping transfers after; ica=involuntary conversion after; Ipoaa=interest paid or accrued after; lia=levies issued after; lida=leasehold improvements disposed of after; lma=loans made after; lyba=limitation years beginning after; pca DOE=proceeding commenced after date of enactment; pma=payments made after; poida=payments on interest due after; ppisa=property placed in service after; pplso/a/b DOE=property placed in service on, after, or before date of enactment; pra=payments received after; pra/cdoa=payments received after, for crop damage occurring after; ptoo/a=prohibited transactions occurring on or after; pyba=plan years beginning after; pybb=plan years beginning before; sa=sales after; sea=sales and exchanges after; sia DOE=summonses issued after date of enactment; spa=services performed after; ta=transfers after; ta DOE=transfers after date of enactment; tyba=taxable years beginning after; tyba DOE=taxable years beginning after date of enactment; tybo/a DOE=taxable years beginning on or after date of enactment; tyea=taxable years ending after;tyea DOE=taxable years ending after date of enactment; tyeo/a=taxable years ending on or after; yba=years beginning after.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF EARNED INCOME CREDIT (''EIC'') PROVISIONS OF H.R. 2491 (TITLE XII)

[Fiscal years 1996–2002, in millions of dollars]

| Provision | Effective | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1996–2000 | 1996–2002 | 1996–2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EIC Reforms | | | | | | | | | | | | | | |
| 1. Modify AGI for the purpose of the EIC phaseout nontaxable social security benefits: nontaxable pension, IRA, and annuity distributions; tax-exempt interest; and child support payments in excess of $6,000: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | 11 | 217 | 231 | 236 | 216 | 265 | 288 | 301 | 317 | 335 | 911 | 1,464 | 2,417 |
| b. Outlay reductions | tyba 12/31/95 | 59 | 1,193 | 1,265 | 1,326 | 1,431 | 1,452 | 1,454 | 1,528 | 1,593 | 1,660 | 5,275 | 8,182 | 12,962 |
| 2. Modify AGI for the purpose of the EIC phaseout by adding back losses from Schedule C, Schedule D, Schedule E, Schedule F, and NOLs: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | 1 | 26 | 30 | 33 | 35 | 40 | 48 | 53 | 58 | 64 | 124 | 212 | 388 |
| b. Outlay reductions | tyba 12/31/95 | 10 | 207 | 219 | 231 | 237 | 243 | 246 | 247 | 255 | 263 | 904 | 1,393 | 2,159 |
| 3. Include net passive income in disqualified income: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | ..... | ..... | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 9 | 14 |
| b. Outlay reductions | tyba 12/31/95 | 1 | 11 | 11 | 14 | 17 | 18 | 20 | 20 | 21 | 22 | 54 | 91 | 154 |
| 4. Restrict EIC eligibility to taxpayers with qualifying children: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | 4 | 89 | 93 | 97 | 100 | 107 | 112 | 117 | 123 | 129 | 383 | 601 | 970 |
| b. Outlay reductions | tyba 12/31/95 | 27 | 535 | 557 | 583 | 610 | 631 | 658 | 686 | 715 | 745 | 2,313 | 3,602 | 5,747 |
| 5. Two-stage phaseout of the EIC. The second stage of the phaseout begins at $14,850 for households with one child and $17,750 for households with two or more children: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | 36 | 712 | 751 | 781 | 785 | 871 | 967 | 1.021 | 1,084 | 1,150 | 3,065 | 4,903 | 8,158 |
| b. Outlay reductions | tyba 12/31/95 | 19 | 371 | 390 | 412 | 468 | 459 | 479 | 503 | 530 | 557 | 1,660 | 2,598 | 4,188 |
| 6. Set the maximum credit rate for taxpayers with multiple children at 36%: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | 13 | 259 | 258 | 365 | 343 | 406 | 433 | 508 | 540 | 574 | 1,239 | 2,078 | 3,701 |
| b. Outlay reductions | tyba 12/31/95 | 82 | 1,641 | 1,723 | 1,697 | 1,812 | 1,836 | 1,882 | 1,901 | 1,966 | 2,033 | 6,955 | 10,673 | 16,572 |
| 7. Require Social Security numbers for primary and secondary taxpayers and treat omission of a correct Social Security number and underpayment of SECA as a math error and other compliance proposals [1]: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | 1 | 29 | 31 | 31 | 32 | 32 | 32 | 21 | 21 | 22 | 124 | 188 | 251 |
| b. Outlay reductions | tyba 12/31/95 | 11 | 224 | 233 | 237 | 243 | 246 | 252 | 270 | 277 | 284 | 948 | 1,446 | 2,277 |
| 8. Apply an enhancement factor to the earned income of households with two or more qualifying children for the purpose of calculating the EIC: | | | | | | | | | | | | | | |
| a. Revenue | tyba 12/31/95 | ..... | −1 | −1 | −1 | −2 | −1 | −1 | −2 | −2 | −2 | −4 | −6 | −12 |
| b. Outlay reductions | tyba 12/31/95 | −57 | −1,147 | −1,188 | −1,233 | −1,281 | −1,322 | −1,329 | −1,375 | −1,417 | −1,461 | −4,907 | −7,559 | −11,812 |
| Total of EIC revenue [2] | | 60 | 1,183 | 1,294 | 1,391 | 1,493 | 1,627 | 1,845 | 1,985 | 2,158 | 2,346 | 5,421 | 8,894 | 15,383 |
| Total of EIC outlay reductions [2] | | 153 | 3,268 | 3,513 | 3,756 | 4,045 | 4,290 | 4,459 | 4,748 | 5,044 | 5,359 | 14,745 | 23,494 | 38,645 |

[1] Includes doubling of civil penalties for tax preparers.

[2] Due to interaction between the provisions, items do not sum to total package.

Legend for ''Effective'' column: tyba = taxable years beginning after.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

Mr. EXON. The majority could have prevented this drain on the Treasury in the out-years by sunsetting the tax provisions. I read in the press that, at one time, they were actively considering such a notion. But they did not. The tax cuts continue to add to the debt year after year.

It is this Senator's view that it is self-evident from the Joint Tax table that the tax title does indeed worsen the deficit in years beyond the 7 years covered by this reconciliation bill. It is thus this Senator's view that the violation of section 313(b)(1)(E) is plain.

Some may argue that I am setting an impossible standard for ever enacting tax cuts. Quite to the contrary, my colleagues on the other side could have avoided this point of order in a number of ways. I am not here to give free parliamentary advice, but they could have sunsetted the tax breaks, as I noted earlier. They could have included the tax breaks in the same title as the Medicare spending cuts. Or, during consideration of the budget resolution reconciliation instructions, they could have specified that section 313(b)(1)(E) would not apply to the tax breaks. Any one of these three steps would have prevented a violation of the point of order. But they didn't do any of them.

Therefore, Mr. President, I believe a point of order should lie against subtitles A through D of title XI of this conference report because they violate section 313(b)(1)(E) of the Congressional Budget Act of 1974.

Mr. President, I understand that the parliamentarian has advised that he will not agree that these 2 points of order lie against the bill. Everyone should have known that the fix is in for these tax breaks. If there had been any doubt, that doubt has now been set aside. The majority has demonstrated that it will do whatever it needs to do—including bend and stretch the rule—to protect its cherished tax breaks for the wealthy.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Florida.

Mr. MACK. Mr. President, thank you.

Mr. President, this is a moment, frankly, for which I have been waiting since I made the decision to run for Congress in October 1981 just over 14 years ago. I left a career in the financial market to become a member of Congress. I came here with the idea that we absolutely had to get control of the growth of Federal Government and its spending. So, to me, this is a historic moment. Now I want to respond to Senator PELL's comment a moment ago about the shrill partisanship —and I know that from time to

time there are some extreme expressions of feeling with respect to what we are doing—but I would just like to remind each of us in the Senate that the reason there may be shrillness in this debate, is because we are finally at the moment when we are debating what fundamentally divides us.

Those on the left absolutely believe that the answers to America's problems come from more Government. And frankly, Republicans reject that. We think that America's future is based on the individual, that the our limitation is the one we place on our own imagination. And the Government, in fact, is a great player in that limitation. So the reason that we are having such a strong debate is because we are arguing over the principles that divide us. And, frankly, I am thankful that this moment finally has arrived.

Maybe it is because my son called me the other night and told me that he just got engaged. Twenty-eight years old, and I could not be prouder of a son. But, I think about the future in which Connie will live, and I think about my daughter, who is in her thirties, with three grandsons—the cutest little guys in the world—I think about their futures. And so, I ask you to excuse me if I become passionate about what I have to say and the things I believe, because I honestly believe that the direction we have been headed will destroy this Nation. And that is why I feel so passionately about the items that we have been discussing.

There is something fundamental that has happened over the last few days, though. And I think it is important for people to recognize it. For 3 years journalists, writers, and TV commentators have been trying to figure out just who is Bill Clinton. What does he stand for? When is he going to stand up and fight for what he believes in?

And, I find it interesting that Bill Clinton has chosen this time and this issue to finally draw the line in the sand. You know what Bill Clinton is saying, ''I am opposed to balancing the budget in the next 7 years.'' I am glad that he finally has made this statement and made this stand. Bill Clinton has now finally told the people in this country what he stands for, what he believes in. It is more Government, more taxes, and more Federal spending. He has drawn the line in the sand and he has told the people of this country, through his actions in the last few days, that he is in opposition to balancing the budget in the next 7 years.

The second point I would like to raise has to do with a very fundamental part of what we are doing. And, yes, we are cutting the rate on capital gains. And you know why we are doing it? Because we believe that growth will take place as a result of this cut. And as a result of that growth, those little grandchildren that I talked about and my son are going to have a greater opportunity in the future, and with opportunity comes hope.

That is what we are trying to do for the American people. That is why we are making this commitment. Do you know today that there is over $1.5 trillion locked up in the stock market because of high capital gains tax rates? It is time to unlock that capital. It is time to allow that capital to flow into the new technologies that will develop America's future.

Oh, it is very popular to take the position of going after the wealthy. If you look at the record, you will find that when the wealthy invest America, everyone is better off.

The other issue my friends on the other side of the aisle like to mention is Medicare. In fact, I heard one of the earlier speakers refer to the Medicare issue by saying the budget provision was going to rip the heart out of Medicare. Well, frankly, I am at a loss over how you can rip the heart out of Medicare while allowing it to grow from $4,800 a year to $6,700 a year.

Mr. President, I yield back my time.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I yield at least 8 minutes—no more than 10 minutes—to my colleague from Arkansas.

Mr. PRYOR. Mr. President, I thank the Chair, and thank my friend from Nebraska.

I spent most of today looking through the Republican package, specifically with respect to the so-called nursing home standards that have been included in this legislation before us tonight.

Mr. President, I cannot say strongly enough how deeply offended I am by the extraordinary means that have been used to undermine the progress made in the most basic nursing home protections that have been won over the past 3 decades. I think that these Republican assaults on nursing home safeguards are no less than callous—I hate to say that—and will open the door to a litany of further abuses that we have attempted to cure since the 1960's. The Republican leadership, through this attack, is saying basically ''too old, too sick, too bad'' to residents of nursing home facilities across our country.

Mr. President, before I touch on some of the most glaring offenses of this package, I want to tell my colleagues that the law which this budget package is completely undermining, the 1987 nursing home quality standards law, was developed on a bipartisan basis, was agreed to by all interested groups, including the nursing home industry, nursing home advocates, care providers, unions, States, and finally, yes, the Congress of the United States. It followed literally years of discussions and came about because the record of the States in preventing nursing home abuse was appalling.

In 1986 the report by the National Academy of Sciences, which was commissioned by the Congress, found shocking evidence of deficient care and inadequate enforcement. The study found that Government regulations of nursing homes, which was then conducted by the States, was totally unsatisfactory because it allowed too many marginal or substandard nursing homes to continue in operation.

Mr. President, that was how it was during a time when lack of money was not all that much of a problem. Now, at this critical moment, as we prepare to severely reduce Medicaid funding to the States, the Republican budget also abdicates nearly all Federal responsibility to our most vulnerable citizens, the disabled and the infirm elderly in our nursing homes across our land.

What we have before us, Mr. President, in this basic conference report that we will be voting on in a short time—this conference report includes what I declare as an abdication of our Federal role, an abdication of our responsibility to the 2 million nursing home residents in our country today.

In this Republican budget we find that their version of what constitutes nursing home standards, in my opinion, is a warped version of the current law. Some very crafty legislative drafters have spent long hours in their attempts to totally and completely undercut the basic progress that we have made over the past years in protecting the nursing home residents from abuse.

Let me try to explain exactly what this means:

Where current law allows for Federal standards for nurse aide training, they are eliminated.

Where current law allows for Federal guidance with respect to transfers and discharges, the Republican proposal eliminates all guidance in that area.

Where current law, Mr. President, prohibits discrimination against Medicaid residents and prohibits facilities from charging residents, their families or friends to guarantee admission to the facility, those Federal protections by the Republicans are totally removed from this bill.

Where current law requires Federal guidelines to qualify as a facility administrator, these guidelines are totally removed, Mr. President. They are now left to the States.

Where current law requires that facilities meet Federal standards with respect to protecting residents' personal funds, these protections are totally stricken and left up to the States and to the nursing home owners.

Where current law imposes requirements for sound administration of a facility, these guarantees are totally expunged from the record.

To add insult to injury, in addition to abdicating so many Federal responsibilities to these vulnerable individuals and dumping these requirements on the States, the Republican plan now before us would also eliminate any required date by which the States must be sure to meet its responsibility that had formerly been handled by the Secretary of HHS.

So we are now saying that States must meet these requirements whenever, but not at a specific time. This is unconscionable, Mr. President. How can we in less than a decade abandon these nursing home residents? How can we, by a vote of 51 to 48 in this body, say we want the strongest standards, and again just a few days ago by a vote of 95 to 1 on Monday of this week, and now walk away from all of those standards and say we are abdicating our responsibilities? What in the world is going on?

What we are about to do is basically to begin a program of warehousing the elderly population of our country. We have identified at least 11 basic nursing home standards that have been abolished under this plan. I know that there are many more.

This plan allows homes to extort money in return for a guarantee of admission to a facility. Under present law, Mr. President, this is prohibited. Now we are abolishing that prohibition.

The Republican plan allows facilities to commingle residents' individual savings accounts.

It allows homes to keep the interest on resident savings accounts below $250.

And it goes on and on and on. In fact, it kills Senator John Danforth's self-determination provision on living wills so that residents will have all of the information about making and what constitutes a valid living will.

Mr. President, further, what other quality assurance protection does the budget package eliminate? It cuts down the fines from $10,000 to $5,000 per nursing home. The budget plan eliminates the uniform assessment tool which has been hailed universally by providers, States, surveyors, and residents alike, and by those people who service ombudsman nursing home patients and the residents.

All of these changes are bad enough. This legislation allows private entities to certify that facilities have met the quality standards, further reducing accountability of the State and the facilities to meet the Federal guidelines of the Government.

The PRESIDING OFFICER. If the Senator will suspend for one moment while the Chair gets order. Those Members and staff members in the back who are having conversations, please take your conversations to the Cloakroom.

Mr. PRYOR. May I inquire as to how much time remains?

The PRESIDING OFFICER. The Senator has used 7 minutes, 36 seconds.

Mr. PRYOR. I thank the Chair for maintaining order.

Mr. President, I do not have time to complete my statement. Let me just say that the National Citizens' Coalition for Nursing Home Reform has written me today urging that we look very carefully at passing this legislation. The AARP, in their press release this afternoon, expressed their concern about the enforcement of nursing home quality standards and implies that they are further weakened in this particular conference report.

The Nursing Home National Seniors Center, run by Toby Edelman, has done a memorandum that I am going to ask be printed in the RECORD, and other documents, Mr. President.

I also have a letter from Service Employees. These four documents I ask unanimous consent to be printed in the RECORD.

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

NATIONAL CITIZENS' COALITION FOR NURSING HOME REFORM,
*Washington, DC, November 17, 1995.*

Hon. DAVID PRYOR,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR PRYOR: The National Citizens' Coalition for Nursing Home Reform (NCCNHR) has grave concerns about the language regarding nursing home standards contained in the report from the Conference Committee. We are extremely disappointed by the disconcerting language accepted by the Committee members. Although the Conference language resembles the current Nursing Home Reform Act, it serves to significantly weaken and undermine the current standards, to the dangerous detriment of residents of nursing homes.

Our preliminary review of the conference language has identified the following areas of concern:

Elimination of the requirement for facilities to provide care and services to allow each resident to attain or maintain his or her ''highest practicable level of physical, mental, and psychosocial functioning.''

Elimination of the right to quality care and quality of life for each resident. Instead, the conference language speaks to ''residents'' collectively.

Elimination of the requirement of federal standards for conducting a resident assessment using a national uniform minimum data set.

Loss of protections against discrimination based on source of payment and duration of stay contracts upon admission.

Elimination of federal standards for nurse aide training—including elimination of required 75 hours of training.

Elimination of the requirement for facilities with 120+ beds to employ a qualified social worker.

Substantial watering down of transfer and discharge protections.

Significant weakening of survey and certification requirements, including:

A two-year survey cycle (changed from 9–15 months).

Elimination of comprehensive training for state and federal surveyors.

Less frequent federal validation surveys—from yearly to every 3 years.

Public disclosure of survey results—''within a reasonable time,'' instead of the current, within 14 days.

Significant weakening of enforcement provisions, including:

Elimination of language requiring application of remedies in such a way as to minimize the time between the identification of violations and the final imposition of remedies.

Elimination of language calling for incrementally more severe fines for repeated or uncorrected deficiencies.

Elimination of retroactive civil money penalties for past noncompliance.

Reduction of highest civil money penalty from $10,000 to $5,000.

Provision allowing for deemed status to accrediting agencies.

This weakening of the federal standards is unwarranted and unconscionable. Based on a review of proposals submitted by the American Health Care Association, it is clear that the nursing home industry played a major role in the drafting of these provisions—a fact that again highlights the leverage this industry has at the state and national level.

We strongly urge you, and your colleagues, to oppose this language. It can only serve to destroy the progress brought by the 1987 Nursing Home Reform Act—a law passed with bipartisan support by a previous Congress.

Sincerely,

ELMA L. HOLDER,
*Executive Director.*

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[From the AARP News, Nov. 16, 1995]

AARP STATEMENT ON THE BUDGET RECONCILIATION ACT OF 1995

The American Association of Retired Persons (AARP) remains very concerned about the magnitude of reductions to Medicare and Medicaid contained in the conference report to the Budget Reconciliation Act. While the report includes some further improvements, Congress still has a long way to go.

The Association is pleased that the Medicare Part-B deductible remains at $100 a year, as in the House bill. But the total cuts to Medicare and Medicaid over seven years are still too much, too fast, and enforcement of nursing home quality standards has been further weakened in the report.

Four hundred billion dollars in cuts from these two major health care programs that serve older and low-income Americans do not meet the fairness test. Reductions in Medicare called for in the conference report are much more than is necessary to keep the program solvent into the next decade.

Millions of American families depend on Medicare and Medicaid for their basic health care coverage, for protection against the high cost of long-term care and for financial security. These protections, for Americans of all ages, are now at risk.

Cutting $164 billion from Medicaid over the next seven years is far more than the program can shoulder. Frail, older Americans, most of whom are single, elderly women who have worked hard all of their lives, and children from low-income families would be the hardest hit by such drastic cuts.

At this juncture in the budget debate, it's a shame that a veto is necessary, but unfortunately, there is no other alternative. AARP will continue to work with Congress and the Administration to get fair legislation that ensures future Medicare solvency and reduces the federal budget deficit.

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Memorandum.
To: Interested people.
From: Toby Eldeman.
Re conference committee language on nursing home reform.
Date: November 16, 1995.

I've just gotten the conference committee language and have gone very quickly through it to compare it with the current law and with the proposals made by the American Health Care Association.

The language represents a dramatic step backwards in all respects: the standards facilities would be required to meet, the survey and certification process, and the enforcement system. On my first quick reading, I think the most serious problems are:

1. Standards for facilities:

A. Loss of the entitlement to high quality of care for each individual resident; the language speaks of care to ''residents.''

B. Loss of language ''highest practicable physical, mental, and psychosocial well-being'' as description of required services.

C. Loss of protections against Medicaid discrimination in admission.

D. Loss of federal standards for nurse aid training, transfer and discharge, resident assessment. States would have sole authority to determine standards.

E. Loss of Secretary's duty and responsibility for standards, enforcement and federal money.

F. Substantial watering down of protections in transfer and discharge.

G. Financial issues: loss of rules specifying what care and services are covered by Medicaid and what care and services are not; protection for Medicaid residents who pay the entire Medicaid rate as their share of cost.

2. Survey and certification

A. Two year survey cycle.

B. Loss of comprehensive training for surveyors by Secretary.

C. Reduced federal validation surveys; from annual to every 3 years.

D. Public disclosure of survey results—from within 14 calendar days of providing to facility to ''within a reasonable time.''

3. Enforcement

/A. Deemed status to accrediting agencies (very serious issue).

B. Loss of language for both states and Secretary requiring enforcement systems that minimize the time between identification of deficiencies and imposition of remedies; more severe penalties for more serious or uncorrected deficiencies.

C. Loss of retroactive civil money penalties.

D. Reduction of highest civil money penalty to $5000.

It looks to me as if, generally, the conferees listened to AHCA on the Requirements for facilities and to the Governors on survey, certification, and enforcement.

Section of bill—What the change is and why the change is a problem. Whether AHCA proposed the change.

2137(b)(1)(A)—Quality of life: adds the word ''reasonably'' before promotes,'' thus qualifying the requirement.—Yes

2137(b)(2)—Scope of services and activities under plan of care: deletes current language ''to attain and maintain the highest practicable physical, mental, and psychosocial well-being'' after services and activities: the new language requires facilities ''to provide services and activities in accordance with a written plan of care.''—Yes

2137(b)(3)(A)(ii)—Resident assessment: says the instrument is specified by the state; deletes the requirement that the assessment be based on minimum data set specified by the Secretary.—No

2137(b)(3)(E)—Resident assessment: requires facility to notify state mental health authority or mental retardation or developmental disability authority, as applicable, of change in physical or mental condition of a resident who is mentally ill or mentally retarded. New requirement.—No

Deletes preadmission screening and annual resident review (PASARR). We don't disagree with this deletion.—Yes

2137(b)(4)(A)(i)—Provision of services and activities: deletes ''to attain and maintain the highest practicable physical, mental, and psychosocial well-being'' after ''nursing and related services and specialized rehabilitative services.''.—Yes

2137(b)(4)(A)—Provision of services: changes language from providing services to ''each resident'' to ''residents'' for social services (2137(b)(4)(A)(ii)); pharmaceutical services (2137(b)(4)(A)(iii)); dietary services (2137(b)(4)(A)(iv)); activities (2137(b)(4)(A)(v)); dental services (2137(b)(4)(A)(v)).—Yes

2137(b)(4)(A)—Provision of services: deletes mental health services for mentally ill and mentally retarded residents.—Yes

2137(B)(5)(F)(iii)—Nurse aid training: Adds a new exclusion from definition of nurse aide; excludes a person ''who is trained, whether compensated or not, to perform a task-specific function which assists residents in their daily activities.'' The industry has wanted this language to hire people to feed residents and do other tasks, but not to train them as nurse aides.—Yes

Excludes current language requiring facilities with more than 120 beds from having at least one social worker with at least a bachelor's degree in social work or similar professional qualifications. 1396r(b)(7).—No

2137(c)(1)(A)(v)—Residents rights: accommodation of needs; adds language after the right to receive notice before room or roommate is changed to say ''unless a delay in changing the room or roommate while notice is given would endanger the resident or others.'' The industry has not liked giving notice.—Yes

Excludes current language giving residents the right to refuse certain transfers (transfers facilities make to get coverage under a payment program). 1396r(c)(1)(A)(x).—Yes

2137(c)(2)(B)(ii)(V)—Transfer and discharge: adds a new reason not to have to give a 30 day notice: ''a case where the provision of a 30-day notice would be impossible or impracticable.'' This language essentially eliminate the 30-day notice requirement; facilities would always claim it was impossible or impracticable to give 30 day notice.—Yes

2137(c)(2)(B)(iv)—Transfer and discharge: adds a new ''exception'' statement; ''This subparagraph shall not apply to a voluntary transfer or discharge necessitated by a medical emergency.'' Since there is no definition of ''voluntary,'' we would see many transfers and discharges called voluntary.—Yes

2137(c)(2)(C)—Orientation for transfer and discharge: changes the language to require just ''reasonable'' preparation and orientation; and instead of requiring, as current law does, that preparation and orientation ''ensure safe and orderly transfer or discharge,'' the new language requires only that preparation and orientation ''promote'' safe and orderly transfer or discharge.—Yes

2137(c)(2)(D)(iii)—Bed reserve: adds language to confirm that a resident is not entitled to the next available bed if it is a private room.—Yes

Deletes current language requiring facilities to give information to residents about advance directives. 1396r(c)(2)(E).—No

2137(c)(3)(C)—Access and visitation rights: adds new qualification to visits by saying there is immediate access ''unless such access would endanger the health or safety of the resident or others in the facility.'' Denying access to family members who complain is common. This language would strengthen facilities' ability to deny access to visitors. Notice that the language does not include this qualification for any other category of visitor.—Yes

Deletes current language prohibiting discrimination in admission. 1396r(c)(2)(5).—Yes

2137(c)(5)(B)(i)—Protection of residents funds: raises the amount that must be deposited in an interest bearing account to $250. Note that the personal needs allowance is $35 per month (although states may allow more).—Yes

2137(c)(5)(B)(ii)—Protection of resident funds: deletes a word from the current language, which I think is ''separate.'' If that's the deletion, the language would no longer require separate accountings of residents' funds.—Yes

Deletes current language requiring facilities to notify residents when their balances are $200 less than the amount that would make them lose Medicaid eligibility.—No

2137(c)(5)(B)(iii)—Protection of resident funds: conveyance upon death: adds language ''All other personal property, including medical records, shall be considered part of the resident's estate and shall only be released to the administrator of the estate.'' This language would appear to allow facilities to keep residents' property and release it only to the administrator of the estate. It would also enable facilities to deny medical records to family members unless they were appointed administrator.—Yes

Deletes current language which defines as a Medicaid person an individual whose share of cost equals the entire Medicaid rate. These people currently are considered Medicaid residents and cannot be charged more than the Medicaid rate. 1396r(c)(7)(B).—Yes

2137(d)(1)(C)—Nursing facility administrator: adds language to require administrators of all facilities, whether freestanding or hospital-based, to meet the Secretary's standards. The industry has been interested in making hospital-based facilities meet nursing facility standards. This is one way to make it difficult for hospital-based facilities to be nursing facilities.—Yes

2137(d)(4)(A)—Miscellaneous administrative issues: compliance with federal, state, and local laws and professional standards: applies this language to hospital-based facilities. Same reasoning as above.—Yes

2137(e)(1)—State requirements; specification and review of nurse aide training; deletes current requirements that state nurse aide training program meet federal standards.—No

2137(e)(3)—State requirements; state appeals process for transfers and discharges; deletes current requirement that states meet federal standards on appeals process.—No

2137(e)(4)—State requirements; nursing facility administrator standards; adds requirement that hospital-based administrators meet administrator standards. Same reasoning as other issues where hospital-based facilities must meet same requirements as free-standing.—No

2137(e)(5)—State requirements; specification of resident assessment instrument; deletes current requirement that state choose a resident assessment instrument designated by the Secretary or approved by the Secretary as being consistent with the minimum data set.—No

2137(e)(7)—State requirements; keeps preadmission screening but deletes annual resident review. AHCA wanted PASARR deleted.

2137(f)(l)—In current law, this establishes the Secretary's duties. The new language makes this a state duty. So current federal law which now says: ''It is the duty and responsibility of the Secretary to assure that requirements which govern the provision of care in nursing facilities . . . and the enforcement of such requirements are adequate to protect the health, safety, welfare, and rights of residents and to promote the effective and efficient use of public money.'' Is now changed to say ''It is the duty and responsibility of a State with a MediGrant plan . . . .''

2137(f)(2)—Requirements for nurse aid training and competency evaluation programs: This is Section (f), but it is only a state duty under the new language. Specific language from current law is deleted, as requested as AHCA, but I can't read the language on my copy tonight.

Deletes federal requirements for transfer and discharge and does not place the duty on states. 1396r(f)(3).

2137(f)(3)—Qualifications of administrators: adds language to require hospital-based administrators to meet federal standards.—Yes

Deletes current rules for Criteria for Administration, which required the Secretary to establish rules for administration in such areas as disaster preparedness, direction of medical care by a physician, clinical records. 1396r(f)(5).—No

Deletes current rules for Criteria for Administration, which required the Secretary to establish rules for administration in such areas as disaster preparedness, direction of medical care by a physician, clinical records. 1396r(f)(5).—No

Deletes List of items and services furnished in nursing facilities not chargeable to the personal funds of a resident. 1396r(f)(7). This language required the Secretary to establish by rules which items and services are covered by Medicaid and which items and services could be charged to residents. As 1396r(f)(7)(A) explicitly says, Congress first told the Secretary to publish such rules in 1977 as part of the Medicare-Medicaid Anti-Fraud and Abuse Amendments of 1977. HCFA finally published these rules in 1992 or so. I can get the exact date.—No

Deletes current language on PASARR. 1396r(f)(8).—Yes

Deletes current requirement re federal criteria for monitor state waivers of nurse staffing requirements. 1396r(f)(9).—No

2137(g)(1)(A)—Survey and certification: deletes prohibition against states determining compliance with state facilities.—Yes

Survey and certification: deletes requirement for educational program for staff and residents and their representatives. 1396r(g)(1)(B).—No

2137(g)(2)(A)(iii)(I)—Annual surveys: extends the time to 24 months (from 12 months) unless the facility has been subjected to an extended survey. In that case, 12 months.—No

2137(g)(2)(A)(iii)(II)—Special surveys following change in ownership, administration, management: changes time to 4 months (I can't read what the current time period is.)—Yes

2137(g)(2)(C)(i)—Survey protocol: says protocol that the Secretary has developed, tested, and validated ''as of the date of the enactment of this title.'' Current law says as of Jan. 1, 1990.—No

2137(g)(2)(C)(ii)—Survey protocol: says surveyors must meet minimum qualifications established by the State. Current law says Secretary.—No

Deletes current requirement that Secretary provides for comprehensive training of state and federal surveyors. 1396r(g)(2)(E)(iii).—No

2137(g)(3)(B)—Validation surveys: Requires Secretary to conduct validation surveys at least every 3 years of 5% of facilities in the state, but at least 5 per state. Current law requires these numbers of validation surveys annually. 1396r(g)(3)(B).—No

Deletes Reductions in Administrative Costs for Substandard Performance, current language which allows the Secretary to penalize states that fail to perform survey and certification activities adequately. 1396r(g)(3)(C).—No

Deletes current language that permits states to maintain and utilize a specialized survey team. 1396r(g)(4) [This is part of Investigation of Complaints and Monitoring Nursing Facility Compliance]—No

2137(g)(5)(A)—Disclosure of Results of Inspections and Activities; Public Information: new language requires public disclosure of survey information ''within a reasonable time,'' current law says within 14 calendar days after such information is provided to facility.—No

2137(h)(1)—Enforcement: adds new (A) saying state must require facility to correct deficiency.—No

Deletes current language at end of 1396r(h)(1) authorizing retroactive civil money penalties.—Yes

Deletes current language about use of civil money penalties that are collected to protect health or property of residents. 1396r(h)(2)(A)(ii).—No

Deletes current language at the end of 1396r(h)(2)(A) saying that state criteria must minimize the time between identification of deficiencies and imposition of remedies and provide for incrementally more severe fines for repeated or uncorrected deficiencies; and that states may provide for other specified remedies, such as directed plans of correction.—Yes

Deletes current language about deadline and guidance on enforcement. 1396r(h)(2)(B).

2137(h)(2)(C)—Assuring prompt compliance: Changes mandatory imposition of denial of payment if a facility fails to come into compliance within 3 months; changes mandatory into permissive—state ''may'' impose the remedy.—Yes

Deletes language about funding for temporary management other remedies. 1396r(h)(2)(E).—No

Deletes Incentives for High Quality Care. 1396r(h)(2)(F).—No

2137(h)(3)(B)—Secretarial authority: substantially revised. New language requires Secretary to notify state of deficiency it finds in a facility; must give state reasonable period of time to take enforcement action. If state doesn't act or if the deficiency remains uncorrected, the Secretary can take enforcement action.—No

Deletes language permitting Secretary to impose retroactive civil money penalty. 1396r(h)(3).—Yes

2137(h)(3)(C)—Civil money penalty: Reduces maximum penalty to $5000 (from $10,000).—Yes

Deletes language (as for the state) requiring criteria to minimize the time between identifying deficiencies and imposing sanctions, etc. 1396r(h)(4).—No

2137(h)(4)—Special Rules Regarding Payments to Facilities; Continuation of Payments Pending Remediation: revises the language to permit payment to facilities for 6 months; no requirement of states repaying Secretary if the facility does not come into compliance.—No

Deletes current language about immediate termination of participation for facility where state or Secretary finds noncompliance and immediate jeopardy, 1396r(h)(5); Special Rules where State and Secretary do not agree on finding of noncompliance, 1396r(h)(6); special rules for timing of termination of participation where remedies overlap, 1396r(h)(7).

New language about sharing of information between states and Secretary. 2137(h)(6).

New language, Construction, about Medicare Requirements. 2137(l)(1).

New language, Construction, permitting accreditation at option of state of Secretary. 2137(i)(2).

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SERVICE EMPLOYEES
INTERNATIONAL UNION, AFL–CIO, CLC,
*Washington, DC, November 17, 1995.*

DEAR SENATOR: On behalf of the 1.1 million members of the Service Employees International Union, I urge you to vote against the conference report on Budget Reconciliation. Among the damaging provisions included in the bill are amendments to the Nursing Home Reform Act which would cripple the Act, endanger nursing homes residents, and impoverish their families.

The amendments in the Conference Report are merely another tactic pursued by opponents of the nursing home reform act to repeal those provisions. To place this effort in context, I would remind you that as passed by the House and introduced in the Senate, the reconciliation bills repealed the federal standards. At introduction, the extreme proposals repealed even protections against use of physical and chemical restraints, spousal impoverishment, and training of nurse aides. Only when the Senate voted to retain the Nursing Home Reform Act, were the opponents of the protections for nursing home residents turned aside in their effort to repeal the standard.

In their new tactic, opponents of federal nursing homes standards are attempting to repeal the standards by enacting gutting amendments. For example, on quality of care, where the current statute states that ''a nursing facility must provide services and activities to attain or maintain the highest practicable physical, mental, and psychosocial well being of each resident in accordance with a written plan'', the opponents have crafted an amendment in the conference agreement that restates this provision to read ''a nursing facility must provide services and activities in accordance with a written plan''.

On training, current statutes require that workers providing nursing or nursing related services be trained and receive in-service education. The opponents' amendment would allow all nursing facilities, regardless of the number of civil penalties, deficiency reports, and demonstrated substandard care incidents at the facility, to perpetuate those problems by running their own nurse aide training programs. In addition, the opponents' amendment excludes from the training requirement ''any individual who is trained, whether compensated or not, to perform a task-specific function which assists residents in their daily activities''. The opponents' amendment does not set standards for the training, does not require continuing education, and does not even require that the ''task-specific function'' performed by the individual be the task for which they receive the undefined training.

On spousal impoverishment, the opponents of federal standards have scored one of their most tragic successes. They have included a repeal of the provision that stated that a ''nursing facility must not require a third party guarantee of payment to the facility as a condition of admission (or expedited admission) to, or continued stay in the facility''. With this provision repealed, spouses and children can be coerced by nursing homes to pay nursing home bills that average $38,000 a year.

Finally, were any facility to be so incompetent that it manages to violate the few shreds of remaining federal standards, they will be saved from their own incompetency by toothless enforcement provisions. The opponents of federal standards have included verbatim amendments drafted by the American Health Care Association. The nursing home industry's amendments, as would be expected, strike language that allows a state to ''provide for a civil money penalty for the days in which it finds that the facility was not in compliance with such requirements,'' which ''shall provide for the imposition of incrementally more severe fines for repeated or uncorrected deficiences'' and on and on and on.

We know from experience what happens when the Federal government pulls out of nursing home regulation. Federal regulation was minimal during the 1960s, '70s, and early '80s, and the results were disastrous: Disabilities, permanent injuries, and even premature death to nursing home residents. The 1986 report of a national study commission found that: ''In the past 15 years, many studies of nursing home care have identified both grossly inadequate care and abuse of residents.'' The Gingrich troops often talk as if they are conducting an important experiment on the power of free markets. When it comes to nursing homes, we've tried this experiment before, and the tragic findings are burned in our memory.

The Federal government jumped into nursing home regulation because of abuses in the

industry. Incredibly, the Republicans propose to abandon oversight activities at the same time that they begin squeezing nursing home operators in a financial vise. About half of nursing home revenues come from Medicaid, the program Speaker Gingrich proposes to cut by over $160 billion. Nursing home workers know well how corners are cut and how patient care suffers when executives focus on cost reduction. Who will protect patients and who will safeguard quality as nursing home operators scramble to cope with massive revenue losses?

Future trends will also transform the type of care delivered by nursing homes. Nursing homes will be caring for people with more serious medical needs. A common strategy to control health care costs involves moving patients out of hospitals and into nursing homes—during surgical recovery, for instance. One reason that nursing homes have been trusted with such work is the Federal training standards for nursing staff. Our workers tell us that this training has substantially improved nursing home operations. The training requirements must not be junked at a time when the home population is getting sicker and requires more sophisticated care.

Federal regulations are the lifeline protecting quality of care for nursing home residents. Federal oversight helped rescue us from a grim past. We must not ask nursing home residents to give up that lifeline as we sail into a stormy future.

Very truly yours,

JOHN J. SWEENEY,
*International President.*

Mr. PRYOR. Mr. President, finally, I never thought I would see the day of such an attempted emasculation of nursing home standards which we fought so hard to protect. I never thought I would see it; never thought it would happen. I do not know why it is happening, but it is unbelievable that this Nation, the greatest Nation on the face of the Earth, with the full force and effect of the Republican-controlled Senate and the House, our Federal Government is about to wash its hands of the responsibility toward protecting 2 million seniors who today reside in American nursing homes.

While we have the basic safeguards of 1987, we are today basically walking away from those safeguards and saying to that nursing home resident, ''We want no more to do with you. We are going to cut you adrift, and we are going to let you basically fend for yourself.''

Over Thanksgiving, I challenge my colleagues on the other side of the aisle, or anyone who supports obliterating these standards, to go back to a nursing home in your State, to look those residents in the eye and to tell them how proud you are to have voted to compromise their safety and well-being and quality of life and walk away from the commitment that we have had for almost a decade to protect their livelihood.

Mr. President, I thank the Chair, and I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 minutes.

Mrs. HUTCHISON. Thank you, Mr. President, and I thank the Senator from Michigan.

This afternoon late, a Mr. Don Shelby called our office. He was calling from the St. Vincent de Paul Hospice in Austin, TX. He told me that he had voted for me in the last election and that he would not be alive long enough to vote for me again, but he and the people in the hospice with him were so concerned about what is going on in Washington that they collected $8 in change to go to a pay phone and call my office.

And the message was this: ''Stick to your guns. I will not be around, but I want to know when I die that my children are going to have a future.''

I want to say to Mr. Shelby and the people who contributed the $8 to make that call, we will not let you down. We will not. We will stick to our guns. We will do what is right for this country, as hard as it may be. We will do the right thing.

The people of this country have been promised for 25 years that the politicians in Washington would balance the budget. Twenty-five years, and we have failed every year. This is our opportunity. This is our chance.

Always before people said, ''They'll never do it. The entitlements, it's too hard; they'll never do it.'' But we are doing it.

I have heard speeches on this floor all afternoon. ''Those radical Republicans.'' Radical? Is it radical to keep a promise you made? Is it radical to run for an election in 1994 and promise the people that you will balance the budget, that you will make the tough choices, no matter the consequences and then keep that promise? I do not think so. It is unusual, because people have been promised so many times in the past and the promises have not been kept. It is unusual to keep a promise, but I do not think it is radical, and I do not think the American people do either.

We are going to pass tonight the Balanced Budget Act of 1995. It will be the first time that the politicians in this country in 25 years have kept their promise. The President keeps talking about a balanced budget, but he is doing what politicians have done for 25 years, and when it comes time to sign the dotted line, he is demurring, he is walking away from his promise that he made in the election of 1992 and he is saying, ''Oh, well, of course, I want a balanced budget, and I'm going to talk about it, but when it's presented to me, I'm not going to sign on.''

The people are not stupid. They do understand a promise kept, and that is what is going to happen tonight. We are going to keep our promise to the homemakers of this country that they will have security and they will be able to contribute to IRA's just like those of us who work outside the home can do, so that the one-income-earner couple that sacrifices so that the homemaker can stay home and raise children will have the same retirement opportunities as if there had been two incomes earned for their families.

We are going to have welfare reform, and we are going to say to the people who are out there working to make ends meet that it is worth it to work, because if able-bodied people can work but choose not to, they will not be on the welfare wagon more than 5 years in their lifetime. For the first time, we will put a lifetime limitation on able-bodied welfare recipients.

And we are going to reform Medicaid. We are going to give it to the States where they can run it more efficiently. We are going to save Medicare. We are going to save Medicare for our elderly. We are going to increase spending in Medicare over 7 percent per year. And we are going to slow that rate of growth from 10 percent so that we can save the system—so that Mr. Shelby will know that it will be there for his children.

Mr. President, we may make a few mistakes. This is a big bill. We may not do everything right. But there is one mistake that we cannot afford to make and that is to do nothing so that our children will inherit this debt of $5 trillion.

I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, on behalf of Senator EXON, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. REID. Mr. President, it is interesting to note that since yesterday the name of this bill has changed. It is no longer the reconciliation bill. It is called something like the Balanced Budget Act of 1995. I am certain that the spin masters have said: All you good Republicans, do not refer to this as reconciliation because the American people do not like what they have heard.

I think rather than change the name to the Balanced Budget Act of 1995, a more appropriate name would be maybe something like the End of Rural Hospitals Act, or maybe you could come up with something like the Get Old People Act of 1995, or maybe Ruin the Environment Act of 1995, or maybe Destroy Education Act of 1995, or Punish the Veterans Act of 1995, or maybe something even simpler like Save the Big Sugar Interests of the United States Act of 1995.

Mr. President, it is not all or nothing. You see, on this side of the aisle, there are many people that believe in a balanced budget. In fact, most people do believe in a balanced budget amendment. The former chairman of the Budget Committee, the ranking member, the senior Senator from Nebraska, knows what balanced budgets are all about. He started talking about balanced budgets a long time ago when he

was Governor of the State of Nebraska. We have many people who believe in balanced budgets, but they believe in doing it in a fair way that does not hurt seniors, rural hospitals, the environment, damage education, or punish veterans.

Mr. President, I think that we should recognize that the reason the name was changed overnight from ''reconciliation'' to the ''balanced budget act of 1995,'' I repeat, is because the American public does not like what they have heard in this reconciliation bill—this thousand-page bill we received a few minutes ago.

So this, Mr. President, is what the American people deserve, and that is a fair bill to balance the budget, which we want to do, also.

Mr. President, on anything that I have said to this point, the Senator from New Hampshire, Senator GREGG, I am sure would disassociate himself with me. But what I am going to say now, he would associate himself with me, and he has given me permission to do so. We have a point of order that would lie against this bill, but we are not going to offer it. It is the Byrd rule point of order against the so-called trigger provisions contained in a section of the act dealing with the sugar program. It is on the basis—on many bases, but there is no change in outlays or revenues. We are not going to do that. But everyone should be aware that the Senator from Nevada and the Senator from New Hampshire are going to go after these sugar interests, which I believe, Mr. President, is one of the most damaging things that is in this piece of legislation.

This legislation does nothing to help the family farmer. It hurts the family farmer. But what it does do is make a sweet deal for big sugar growers. As I said, this does not help the small family farmer. Seventeen cane growers get 58 percent of the benefits that come to all cane growers. One received more than $65 million—one person—in 1-year; 33 growers received benefits of over a million dollars apiece a year; in Florida, the number one State in sugar production, two growers account for 75 percent of production.

So the U.S. Senate and the Congress should be advised that the Senator from Nevada and the Senator from New Hampshire are going to make sure that the sugar program in the future is treated fairly, which it should be. The real losers in the Sugar Program that we have is the American consumer, who pays a huge amount for their sugar and they should not have to.

I yield the remainder of my time.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Montana.

Mr. BURNS. Mr. President, I thank my friend from Michigan.

This is probably a historical time for this body. The first time in many years that we have had the opportunity to balance the budget, to put us on the trail to do something responsible. I remember the speeches from the last 6 years and people saying, ''We believe in a balanced budget, but look at all the pain; maybe we can do it next year.'' Well, that next year has gone on for about 40 years and we kind of find ourselves in a pickle.

I had a wonderful woman that used to work in our office. She has since transferred to Minneapolis with her husband, where he found a job opportunity, and they just had a brand-new baby. That is what this debate is all about. It is about this young one in this picture, 3-days old, born 10/7/95, 7½ pounds, 21¼ inches long. That is what it is all about, folks. To do anything different jeopardizes the future of this young woman, this young lady right here in the picture. And it is because there are some of us who care to stand for maybe some very unpopular things right now, and take the responsibility, because we do care for this young woman. We want to hand her a nation that is strong economically and also strong politically.

This debate has gone on a long time. Everybody says, ''Well, you have to quit wrangling up there on the Hill. We do not like to be furloughed.''

I just got a letter from a young woman in Winston, MT. It says: ''Stop the talking, do something different. I want to have a nice Thanksgiving and a Christmas.'' It is signed, ''Amanda Baum, Winston, Montana.''

Well, Amanda, it is a two-way street. We offered a continuing resolution that would let your father go back to work as soon as possible. But, you know, there is a person on the other end of Pennsylvania avenue that said, no, I do not like that, so I am not going to sign it. So you are on furlough. But it takes two people. I say change the message and call the House at the other end of Pennsylvania Avenue.

In this Balanced Budget Act of 1995, there is a $500 per child tax credit. What does that mean to your individual States? I will tell you what it means in Montana. The total number of returns eligible for a tax credit will be around 66,000 people. There are only 800,000 people in my whole State, but 66,000 returns will qualify for this $500 per child tax credit. It will cover the amount of dependents of around 98,000 people, and the value to the State of Montana is around $46 million. That is money in families' pockets. That is money that can be put in a savings account to buy a home. It is money that can be put in a savings account that can pay for education for our young ones coming along, and for those folks who want the responsibility of managing their own money.

So in this Balanced Budget Act, let us talk about some real things, like capital gains that help us all.

No, we did not get all the AMT tax we wanted. Nonetheless, it does do something about depreciation—depreciation that creates jobs and expands job opportunities. That is what is in this package. That is what we need. We have to expand job opportunities.

Economic development—my goodness, just the presence of the Government in your neighborhood is not economic development. We must produce real growth, either manufacturing or the development of natural resources that provides natural wealth. It just does not start here in Washington.

I was taken aback a while ago when I saw the former Governor of Arkansas worrying about the nursing home regulations. What is the matter? Is this town the only one that has a conscience? He has no faith in the State governments to regulate their nursing homes to the benefit of our elderly?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BURNS. I am in complete support of this package. I yield the floor.

Mr. EXON. I yield 5 minutes to the Senator from West Virginia.

Mr. ROCKEFELLER. I thank the distinguished Senator from Nebraska.

Mr. President, I am stunned that we still have to come to the floor to defend Medicare from the largest, most dangerous, most serious cut ever to surface since it was signed into law by President Johnson exactly 30 years ago.

Yes, this nightmare is not a dream. The budget plan on the Senate floor this very minute aims its fire at Medicare for $270 billion in cuts over the 7 years. Guess what also survived the conference? A kitty of $245 billion of new tax breaks, new tax cuts, new tax relief that go to the wealthiest Americans and all kinds of corporations.

That is right. To the 30 million senior citizens counting on Medicare, to the disabled citizens counting on Medicare, it is still the piggy bank for a whole lot of things that have nothing to do with Medicare and much more to do with tax breaks for the wealthy, tax increases for working families, cuts in education, and the other features of this budget plan now on the Senate for a final vote.

You do not need a graduate degree in mathematics to do the basic arithmetic. Start with the proposition made by the Republican side of the aisle—that Medicare must be cut to save the program, preserve it, keep it solvent. But that is when you hit the brick wall. The trustees of the Medicare Part A Hospital Trust Fund say that $89 billion are needed to extend the Fund's solvency until the year 2006. Not $270 billion, $89 billion. That is a difference of $181 billion.

Why won't the Republicans listen to Medicare's trustees, and limit Medicare cuts to $89 billion so the program is solvent for 10 full years? Because they're listening to the tune whistled on the steps of the Capitol over a year ago, when the Contract for America was unfurled and $245 billion of tax breaks were promised.

Of course, none will admit that Medicare is being raided to pay for tax breaks for the rich. Who in their right

mind would make that kind of confession?

But we do not need a confession. The mountain of evidence is right here in this stack of paper that is the Republican budget plan called reconciliation. Medicare cuts of $270 billion or even more. Tax breaks of $245 billion. Case closed.

This $270 billion sounds like a huge cut because it is a huge cut. You don't get $270 billion out of Medicare with a few nips here and a few tucks there. Squeezing that much money out of Medicare means increasing expenses for senior citizens, shrinking payments for hospitals and other providers, weakening Medicare's role in protecting against shoddy health care, and resorting to cheaper ways to pretend seniors will still get reliable health insurance. Make no mistake about it, $270 billion in Medicare cuts will hurt and will be noticed.

In fact, let us take an up-close look at just how the Republicans came up with $270 billion in Medicare cuts to pay for tax breaks.

But first, maybe I need to start by reminding some people around here just how important Medicare is to a vast portion of the American population. No wonder Americans are more likely to say about Congress they are scared to death than just angry.

It is Medicare that the phrase, crown jewels, should be reserved for. The enactment of Medicare, as part of Social Security, was one of America's great triumphs. When the country said its older and disabled citizens would have health security for the first time in America's history, we took one of our greatest leaps as a nation. Before its enactment, less than half of this country's senior citizens had any kind of health insurance. An illness or accident or health problem would immediately crush someone in their 60's or 70's or 80's, or wipe out his or her children and grandchildren.

That is why Medicare was created, fought over, and ultimately enacted. And it has worked. The 97 percent of America's seniors—30 million people—now can wake up every morning, knowing Medicare is there. It has lifted seniors out of the poverty that the crushing costs of health care used to bear down on them. It has given them the peace of mind that they are not an overwhelming burden to their children and grandchildren. It has given them the dignity to live the later years without the terror of what will happen to them if they fall or need surgery.

Mr. President, we are talking about 30 million senior citizens whose average income is less than $17,000. We are talking about 330,115 senior citizens in West Virginia whose average income is around $10,000. We are talking about older Americans who already spend one-fifth of these meager incomes on health care expenses that are not covered by Medicare—which include Medicare premiums and deductibles, prescription drugs, eyeglasses, certain tests, home care, and the list goes on.

And we are not just talking about Medicare's meaning for senior citizens in West Virginia or Massachusetts or California. It is the same for seniors in Kansas, in Texas, name your State. We are talking about people with average incomes of $24,000 pay a fifth of their incomes on health care already, who are about the only Americans that have health care protection that cannot be taken away.

Until today. Until we see this incredible budget plan that still takes $270 billion from Medicare, not to mention the $170 or $180 billion from Medicare. Not to save Medicare, but to come up with $245 billion in tax breaks for people with incomes far, far higher than $24,000 a year.

Now it is time to talk about just exactly how this budget gets $270 billion out of Medicare.

It starts with a plan the whole country got a special education in this week—because it was even attached to the bill that is only supposed to ensure the Federal Government can operate.

It starts with a plan the whole country got a special education in this week—because it was even attached to the bill that is only supposed to ensure the Federal Government can operate.

I am talking about a Medicare premium increase. It may have been stripped from the continuing resolution, but it is back. This budget increases Part B premiums for seniors by $11 a month—adding up to an extra $1,240 for individual seniors over the next 7 years and an extra $2,480 per couple on Medicare. That is on top of everything else they are already spending on health care.

There is plenty more.

Remember the BELT idea when we had the Senate reconciliation bill on the floor a few weeks ago? It is gone in name, but not in spirit.

Obviously, $270 billion in cuts means a lot less money for payments to doctors, hospitals, labs, and other health care services. But what happens if the targets in this budget are missed? Well, before, the BELT was whipped out, and it was actually called that in the Senate bill. Now it has been given a more subtle name, but it's still plenty lethal. It is called the lookback—this budget tells the Secretary of Health and Human Services that he or she will have to make last-minute, extra, surprise cuts in Medicare payments if for some reason all the cuts made before didn't go deep enough. This budget has to have this kind of last-minute Medicare guillotine built in. This budget has to get $270 billion out of Medicare, no matter what, or there won't be $245 billion to dole out in tax breaks.

It goes on and on, Mr. President. Changes, cuts, setbacks, weakening of standards—it is all here to cut Medicare by $270 billion.

In this budget, senior citizens are supposed to fend for themselves. Before this budget, they were protected from balance billing when they brought private insurance plans. But in this Republican budget, the price gouging can start again.

Before this budget, there were Federal standards to make sure tests done in the labs located in the doctors' office were accurate and reliable. But in the Republican budget, the salespitches will start exploding. Medicare vouchers for managed care will be waved around, luring seniors into managed care and locking them in for 1 year. I can hear the telemarketers and advertisers writing the scripts, the jingles, and hiding the fine print—because here we come, Medical Savings Accounts. With this Republican budget, Medical Savings Accounts will be targeted, you can count on it, at the healthier seniors, driving up costs for everyone else and for the Medicare Program, and driving doctors away from accepting seniors.

Mr. President, there are consequences to $270 billion of Medicare cuts. Ask the hospitals of your State. Listen to the senior citizens whose premiums and deductibles will go up.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter that denounces the Republican plan.

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

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

NOVEMBER 17, 1995.

Hon. JOHN D. ROCKEFELLER IV,
*Hart Senate Office Building,*
*Washington, DC.*

DEAR SENATOR ROCKEFELLER: The undersigned national, state and metropolitan organizations, representing more than 5,000 hospitals and health systems nationwide, cannot support the conference report on H.R. 2491, the budget reconciliation bill. Our reason is straightforward: as it stands, this legislation, viewed in its entirety, is not in the best interest of patients, communities and the men and women who care for them.

Hospitals and health systems support the stated goals of the conference report—a balanced budget, a strengthened Medicare trust fund and restructured, more efficient Medicare and Medicaid programs. In fact, we have offered several concrete and reasonable alternatives to achieve these goals without significantly reducing the quality or availability of patient care. For the most part, these alternatives were rejected.

In this long budget debate, America's hospitals and health systems have been guided by principles based on ensuring good patient care now and in the future:

The health care protection for our nation's most vulnerable populations—the elderly, the poor, the disabled and millions of children—is inadequate.

The tools which could enable hospitals and health systems to continue to provide high quality care to beneficiaries in the new Medicare marketplace are insufficient. The necessary tools were included in the House-passed Medicare Preservation Act, but were significantly diluted during the conference process.

We have consistently stated that the budget reductions in Medicaid and Medicare remain too deep and happen too fast. Hospitals and health systems are willing to shoulder a fair share of the reductions needed for a balanced budget. But the reductions in the conference report will jeopardize the ability of

hospitals and health systems to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans.

Although we cannot support the conference report, we stand ready to work with Congress and the Administration on a fair approach to reducing spending, balancing the budget and protecting the availability and quality of patient care.

Sincerely,

Signed by 84 hospital plans.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I rise to strongly support the legislation before us, the Balanced Budget Act of 1995, because I think it reflects sound budget and policy priorities that will be of enormous benefit to this Nation through the next century.

This is really what it is about, trying to lay out a roadmap that is going to provide change, provide flexibility, provide initiative, that can give us a strong program to carry us through the years and for the next generation to come and generations after that.

There may be some concerns about this turn or that turn. It is an enormous package of very important initiatives. I have great confidence, Mr. President, that we can make it work, and it will require the best efforts of all on both sides of the aisle and working with our State legislatures and our communities to see it is accomplished.

I would like to speak briefly about two parts of this package that I have been most directly involved in. One is student loans. This legislation includes $4.955 billion in savings in Federal student loan programs over the 7 years. Earlier today, the ranking member of the Labor and Human Resources Committee and colleague from Massachusetts, Senator KENNEDY, said these provisions would help banks and guaranty agencies at the expense of students.

I just point out, indeed, that is not the case. Seventy percent of the savings are achieved by reducing subsidies to or imposing new fees on banks and guaranty agencies. None of the savings are achieved by increasing costs to students or their parents.

It is very important that this is understood in the public where a message has been put out that is totally erroneous about the effects on students. The remaining 30 percent of savings are achieved by capping the direct loan program at 10 percent of loan volume. This would not change the level of the loan or the amount of the loan. A direct lending program may mean the students may get their loan money more quickly, but it does not have any effect on the amount or interest rates of those loans.

In addition, the bill makes income-contingent repayment of student loans available to all students, not just those participating in the direct loan program. I remain concerned about the risk that the direct loan program poses to taxpayers. That is why I believe Congress is being fiscally responsible by demanding to see how it works before expanding it.

I do not believe the Department of Education should become the third largest consumer lender in the country. That, indeed, is where it is headed if we go to a full, direct lending program on student loans, consequences which I think need to be carefully thought out and reviewed.

Mr. President, I also wish to speak about the child care provisions in this bill. I am pleased that we have, I think, some very strong child care provisions. The bill combines $10 billion in mandatory spending and $7 billion in discretionary spending into a consolidated system for providing child care for children from low-income families, including those working their way off welfare.

This is over 7 years. Again, I think when we recognize that 70 percent of the mandatory funds are to be used for families making the transition from welfare to work and for those at risk of going on welfare, and a substantial portion of the remaining funds must be used to help low-income working families who are not and have not been on welfare to meet their child care needs as they are, indeed, struggling to stabilize themselves in the workplace.

Equally important, the bill recognizes we cannot ask parents to leave children home alone as a condition of receiving welfare. Therefore, welfare families with a demonstrated need for child care may not be sanctioned for failing to meet work requirements in States that do not offer child care assistance.

We need to break a cycle of dependency on welfare, but we need to do it by protecting children and having children have the stability of knowing they are cared for, are wanted and loved in an environment that will help them succeed. I believe we do that by strong child care provisions which really help families begin to move off the welfare rolls.

I think there are some very positive provisions. I urge colleagues' support for this legislation and thank all those who played a major role in drafting and working on this legislation.

I yield the floor.

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland is recognized for 5 minutes.

Mr. SARBANES. Mr. President, first, I commend the distinguished Senator from Nebraska, the ranking member on the Budget Committee, for his very fine leadership throughout this budget debate. We are deeply appreciative to him for his extraordinary efforts.

Mr. President, the basic fact is that drastic cuts are being made in Medicare, Medicaid, basic health programs, in nutrition programs to nourish our young people, school lunch, school breakfast, food stamps, in educational programs which make it possible for young people to go to college, and in environmental programs to protect clean air and clean water. These deep cuts are necessitated by the burning mania on the part of the Republicans, as part of the budget package, to give tax breaks to wealthy people. Make no mistake about it, that is the connection. If the tax breaks were not in this package, these drastic cuts would be ameliorated to a significant degree. Then you could argue about reducing the deficit and how you go about doing it in terms of spending cuts. But the problem is compounded in this package because there is a burning mania on the other side to give tax breaks to wealthy people.

Kevin Phillips, 2 days ago, in an interview on the radio said:

Under the camouflage of deficit reduction and cuts like those in Medicare and Medicaid, the new budget includes dozens of new and enlarged tax breaks, loopholes, and corporate welfare programs. The tax cuts for ordinary Americans are peanuts, but the special deals are big stuff.

And he goes on to say:

It is doubly impolitic to drive the budget deficit down to zero by cutting medical, educational, and entitlement programs while corporate and upper-bracket tax breaks continue to soar.

That is what is happening here. We are hearing talk about, ''Oh, we are going to protect the next generation and our children.'' What about the children today, who are going to be sent into the next generation stunted because the nutrition programs have been cut, the health programs have been cut, the education programs have been cut? What about young men and women who will not get the chance for a college education because of the cutbacks contained in this package, at the very same time that people at the upper-income brackets are getting large and significant tax breaks?

There is obviously a hidden agenda contained in this budget package. The Speaker of the House let it out of the bag a few days ago when, speaking to a group, he said:

Now let me talk about Medicare. We don't get rid of it in round 1, because we don't think that would be politically smart.

We don't get rid of it in round 1, because we don't think that would be politically smart.

So, it is going to come in round 2 and in round 3. They assert they are protecting Medicare and right here is evidence that it is the beginning of the end of Medicare. We have Republican leaders who boast about the fact that they opposed Medicare when it was put into place, and then they try to make us believe they are out to protect Medicare. Medicare is being cut deeply, again to give these tax breaks.

The fact of the matter is—and this is my judgment—part of this hidden agenda is a major shift of benefits, economic benefits in this country, from ordinary people, from middle-income people to the very wealthy. If you assert this the other side says, ''Oh, it is class warfare.'' The class warfare is being waged by those who are reaping the benefits disproportionately in this society.

They say, ''Oh, don't do class warfare.'' In the meantime, the statistics show—and listen to these statistics——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SARBANES. Will the ranking member yield me 2 additional minutes?

Mr. EXON. I yield my colleague 1 additional minute.

Mr. SARBANES. Listen to these statistics.

Federal Reserve figures from 1989, the most recently available, show that the richest 1 percent of American households, with net worth of at least $2.3 million each, have nearly 40 percent of the Nation's wealth—1 percent of American households, 40 percent of the Nation's wealth. The top 20 percent of American households worth $180,000 or more, have 80 percent of the country's wealth—80 percent.

The income statistics are equally skewed. The lowest-earning 20 percent of Americans earn 5.7 percent of the after-tax income. The top 20 percent of American households have 55 percent of the after-tax income.

The United States is now the most unequal industrialized country, in terms of income and wealth, and we are growing more unequal faster than the other industrialized countries. And this package is going to intensify that trend.

Make no mistake about it, that is what this package will do. It is shifting benefits from lower-income and working people to the upper end of the scale.

People on Medicare, earning $15,000 a year, are going to suffer in order to give a tax break to the very wealthy.

I urge the rejection of this package.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Michigan.

Mr. ABRAHAM. I yield myself such time as I need briefly, and then I will yield to the Senator from Minnesota.

As I said several times here today, apparently in some parts of this country people making less than $75,000 a year are ''the most wealthy Americans.'' In my State that is not the case. Mr. President, 65 percent of the tax cuts contained in this package will go to people and families making less than $75,000 a year. Mr. President, 80 percent will go to people whose families make less than $100,000 a year. In Michigan, those people are not wealthy people. Maybe they are in other parts of America, but people making less than $75,000 are not wealthy people in my State.

As to the so-called tax cuts for wealthy, I point out as I have already numerous times in relationship to this bill, there are $26 billion in loophole closings contained in this legislation, closing loopholes on these so-called wealthiest Americans, individuals and corporations, which largely offsets whatever tax cuts might benefit people in those categories.

Finally, with regard to students, we should point out to the students watching that, as Senator KASSEBAUM indicated earlier, regarding the student loan program insofar as it affects students, the volume of loans remain unabated, at levels that have always been out there, and there are no changes in the cost of loans to students. Moreover, there are further provisions in the bill that will actually provide students with student loans with the opportunity to deduct interest they pay on those loans. In fact, it places people in a stronger position.

That said, Mr. President, at this time, I yield five minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, I rise with great pride today in support of the Balanced Budget Act of 1995.

I hear a lot of talk from the other side of the aisle about cuts. The major cuts are going to be in Washington's ability to take more of the taxpayers' money. The hidden agenda is a balanced budget and a brighter future. And, if there has been a growing gap of wealth, it has occurred under Democratic programs, and it is time to change that.

This bill, more than anything else, is about promises—making promises, and keeping promises.

The American people have every reason to be cynical about political promises.

Yet something resonated with the voters when we went to the people last November and promised we would take this country in a better direction if they elected a new majority to Congress.

We laid out a plan for the Nation's future unlike anything the people had been promised over the last 40 years.

The legislation before us today is proof that there is a better way—and the vision it reflects is based on two fundamental promises we made to the voters: First, we promised we would balance the budget in 7 years. And second, we promised we would cut taxes for working-class families.

Mr. President, the centerpiece of the legislation before us is our promise to balance the budget by the year 2002.

If you want to know why 83 percent of the American public say balancing the budget should be the top priority of this Congress, these statistics speak volumes: Every year, the Federal Government is spending billions and billions more than it takes in. As a result of four decades of fiscal insanity, the national debt today stands at nearly $5 trillion. Every child born today in the United States of America comes into this world already saddled with more than $19,000 in debt.

So the first, most important result of a balanced budget would be to free our children and grandchildren from the economic burden they will inherit from this generation—a burden they did not ask for, and certainly do not deserve.

Ask an economist about the other benefits of a balanced budget, and they will reel off an impressive list of reasons why we ought to move forward.

By the time 7 years have passed and the budget is brought into balance: GDP will grow by an additional $10.8 billion; interest rates will drop, and Americans will boost their spending power through an additional $32.1 billion in disposable income; the buyers of a $100,000 home would save more than $10,000 over the life of a 30-year mortgage; an additional 104,000 family homes would be built and 600,000 more automobiles would be sold; and businesses would be empowered to create new and higher paying jobs—as many as an additional 6.1 million new jobs, by some estimates.

Impressive statistics, but what does all this really mean on Main Street?

Well, for an average American family with two kids, a mortgage payment, car and student loans, a dog and a cat and lot of monthly bills, a balanced Federal budget would put at least $1,800 a year back into the family bank account.

That is a pretty good incentive for passing a balanced budget in 1995: save money and get a tax break, because we have also promised to cut taxes for middle-class families—another promise we are keeping with this legislation.

This Congress is no longer willing to let the Government gamble away the taxpayers' hard-earned dollars as if they belonged to Washington. In fact, we are going to keep those dollars out of the Government's hands in the first place.

The centerpiece of our $245-billion tax relief package is the $500 per-child tax credit, and I am proud that my colleagues stood with my good friend, Senator ABRAHAM, and I to ensure that this desperately needed provision remains at the heart of our balanced budget plan.

The tax credit alone will allow 28 million taxpaying households to keep $23 billion of their own money each year.

In my home State of Minnesota, the tax credit would return $477 million annually to families who work hard, pay their bills, and struggle every day to care for their children without relying on the Government.

In addition, 3.5 million households nationwide will find that the $500 per-child tax credit has completely eliminated their tax liability.

With our Balanced Budget Act, this Congress has kept the solemn promises we made to the American people. Yet without even waiting for the bill to arrive at his desk, President Clinton is promising to veto it and stop the balanced budget in its tracks.

The President says he wants a balanced budget—wants it wholeheartedly, he claims. Balancing the budget was one of the central themes of his 1992 campaign, and I remember when he said: ''I'll tell you why you should vote for me. I know how to balance a budget. I've balanced 11 budgets as Governor of Arkansas. One of the

first things I'll do when I get to Washington is send Congress a balanced budget.''

Of course, that turned out to be a pie-crust promise—easily made, easily broken.

Since taking office nearly 3 years ago, Bill Clinton has never presented Congress with a budget that balances—or comes anywhere close, for that matter.

In the last two plans he has dropped on the Capitol doorstep, the deficit hovers around $200 billion every year, far, far into the future.

And we voted on both of those plans here on the floor of the U.S. Senate. Both failed 99 to zero, and these are the plans that the President brags about.

Mr. President, Congress is going to balance the budget because we promised the American people we would.

We are going to cut taxes because we promised the American people we would.

We are going to turn this Government around and start putting it to work on behalf of the taxpayers because we promised the American people we would.

''The Man from Hope'' is quickly earning the reputation around here as ''the Man from Hope Not.'' He says he wants a balanced budget, but he secretly hopes he'll never have to sign one.

Mr. President, Bill Clinton cannot continue to say in public that he supports a balanced budget, tax cuts, and welfare reform, and then return to the private confines of the Oval Office to veto every piece of legislation that would bring the budget into balance, cut taxes, and reform welfare.

My colleagues and I have great dreams for this Nation and its children, Mr. President, and the American people are counting on us to heed the words of the great Winston Churchill and ''never, never, never give up.''

With a balanced budget at stake and the future of this Nation at stake along with it, this Congress has no intention of giving up and turning our backs on this moment in history.

That is a promise.

Thank you, Mr. President. I yield the floor.

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

TEN THANKSGIVING STORIES

Mrs. MURRAY. Mr. President, next Thursday, families from Forks, WA to Fort Lauderdale, FL will be coming together to enjoy each other's company and to celebrate a holiday unique to the history and heritage of our country.

The tables will be heaped with food, prepared in many kitchens and brought together at the house of one family. For some families in our country, who do not necessarily have all that much to be thankful for, this may be the best meal of the year.

If your family is at all like mine, there will be turkey and gravy and some kind of Jello salad. At dinner, there will be a card table for the little kids, and a couple of bigger kids who will not want to sit with them.

After dinner, there will be games of Pinochle. There will be teenagers standing around, wishing something exciting would happen. There will be people in the living room, just starting to get sleepy. The television will be on, and the Detroit Lions will be losing again. And best of all, throughout the day, there will be many stories.

The people in my life tell stories about many things. Stories about family members who could not come this year or family members who have died. Stories about war. Stories about work or friends or sports. Stories about a new birth, or an impending marriage. In most years, there is not much talk about government—unless something really bad is about to happen.

I have a feeling I am going to hear a lot of talk about government this year. Right now, I can almost hear 10 stories that might be told around the tables at Thanksgiving this year, across this great land. Ten things people wish they did not have to talk about, but they will:

First, there will be the story about Medicare. The elders always tell stories best, remember the bad times clearest, and complain about the Government loudest. Next Thursday, after grace has been said, an old man is going to pause, with the mashed potato spoon still in his hand, and say ''You hear what they're going to do to Medicare?''

This story, like the rest, is a sad one. The man knows that the budget needs to be balanced for the generations he can see around the table. He has heard that there has been fraud and abuse in Medicare billing. He knows that he is going to have to sacrifice for the betterment of the country. He just is not going to understand why Congress is going to take more money out of his Social Security check to give a tax break to people who do not need it.

Second, there will be the story about Medicaid. The family is together, but they have to arrange to visit grandma at the nursing home. The family will go visit, but they will now have to worry about whether Congress is going to allow States to gut nursing home standards that protect grandma's health, safety, and financial security.

They will have to worry about whether grandma will be the lucky one to get Medicaid funding when their State has to choose between paying for pregnant women, children, the elderly, or the disabled, because Congress gave them less money to meet the growing needs they face.

Third, there will be the story of the adult children in the family, who never before had to worry about being held responsible for the costs of grandma's nursing home care, but now will. They have worked hard to raise their own family, save money for their kid's education, and for their own retirement. Now they will have to deal with extra costs from every angle.

If they are working but low income, they will not get the $500 per child tax credit that the Congress is touting, because they will not pay enough taxes to get the deduction. If they do not have children yet, they will face the fact that Congress will be taking away the earned income tax credit they have counted on.

If they do have kids, and do get the tax credit, they are going to need the money. Because when grandma cannot stay in the nursing home because Congress cut Medicaid, the family is going to have to build a new room onto the house.

Fourth, there will be the college-age students and their story. They want to prepare themselves for a world where they know they will have to be qualified to compete. They are willing to swallow their pride and ask their parents for help; they are willing to work; and they are willing to pay off loans after college. But none of that will matter.

The Congress is going to take $5 billion out of their student loan programs, and give it to the banks. Congress is going to decimate the Direct Lending Program, which gives students their money more efficiently, and eliminates bureaucracy and the middle man. In addition the budget eliminates Perkins loan funding and drops 280,000 students from Pell grants.

Fifth, there will be the story of the younger students, who need to have a relevant public education to get them ready to go on to college, into some other form of training, or directly into work. For these students, the Congress is going to cut almost $4 billion from discretionary but vital education programs, including title I basic skills instruction for 500,000 additional students, State student incentive grants, school reform, Head Start, and AmeriCorps.

Sixth, there will be one of the most tragic stories of all—the story of what will happen to all the children in the great country of ours. Services to help children, from Medicaid to pay their medical bills, to school lunch and daycare nutrition programs, to childhood immunizations are all going under the ax in what the majority party is painting as some kind of epic and heroic moment in American history.

These cuts will certainly be historic. This is probably the first time in history that the American Government declared war on its own children, when it knew better. If the Congress wants to balance the budget, American families are all for it. But Americans are pretty steadfast when their own family is threatened, and this is a battle that the majority party in Congress should lose.

Seventh, there will be the story of the welfare mom. This member of the

family may not be sitting at your table this year, but she comes to many homes for Thanksgiving, and her sisters may one day come to your table or mine. Her story is one of tragedy piled on top of tragedy.

Maybe she came from an abusive marriage, where she took beating after beating, and only got out after her abuser started hitting her kids. She probably did not have the benefit of education and training. She most likely had all kinds of things stacked against her. Invest in her life now, with child care and training, and she'll be a tax-paying citizen for years to come.

But this Congress is going to cut child care, nutrition services, and kick this woman off public assistance as fast as possible, without the support that would allow her to join the work force. She does not have much to be thankful for with the passage of this budget.

Eighth, there will be a story about the environment. A 12-year-old may ask why the Government wants to sell her heritage to big companies. She wonders about the polar bears and caribou that now live in the Arctic National Wildlife Refuge.

She asks whether the Native people she has read about, or whether her family, if she happens to be a member of Gwich'n tribe, will be able to continue to live where they have lived for 20,000 years—on the lands they love, subsisting on a now-abundant supply of wildlife. She sighs and asks her elders not to sell America's lands, our national forests, our national refugees, our national treasures—her heritage.

Ninth, there will be the story of the family farm. The wheat farmer from eastern Washington, who has seen congressional Republicans adopt a Freedom to Farm Proposal that couldn't even be approved by the House or the Senate. The wheat farmer, who has seen the safety net for farmers eliminated, the safety net that has existed for almost 60 years.

Farmers do not need this safety net when prices are good, but when prices are bad, these farmers, who supply the staple foods of our society, need our support. They deserve our support. The family farmer, who works to grow the food that provides the bounty for Thanksgiving dinners for families across our Nation—this farmer is forgotten in the Republican budget.

Tenth, the last story, will be a story of real thanks. After all these other stories, after the eyes roll skyward, after the anger, after the frustration, they will all join hands and give thanks. The members of this family will thank their God that they are all together for the holiday. They will be thankful for the good food and warmth of family, but mostly, they will be very thankful that the Members of Congress are also home with their families, and not doing more damage from the floors of the House and Senate.

Mr. President, I continue to worry about the priorities in this budget. We all know this budget will be vetoed; for that I am thankful. When it is returned, I intend to work very hard with my colleagues to ensure we will then pass a budget that is good for our children, our families, and our future.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes.

Mr. FRIST. Mr. President, I rise in support of the Balanced Budget Act of 1995.

The American people have been watching the debate over the continuing resolution this week, and based on the calls that have come into my office, they recognize that this debate is about one thing: whether or not we will have a balanced budget.

After President Clinton was elected, he used his promise to balance the budget as an excuse to raise taxes. Today, all Americans have higher taxes, but they still do not have a balance budget.

Contrary to what he says, the President has never proposed a balanced budget of his own. His latest plan, which he says will balance the budget in 9 or 10 years, would actually result in deficits of more than $200 billion as far as the eye can see—including a deficit of $209 billion in 2005, the year President Clinton claims he would eliminate the deficit.

The President's budget is so phony that no Democrat in Congress would even introduce it for a vote in the House or Senate. When a Republican Senator introduced it, it was defeated 96–0.

While Clinton talks about a balanced budget, Republicans have done the heavy lifting, and made the hard decisions necessary to get it done. Our plan is certified by the nonpartisan Congressional Budget Office, which President Clinton himself has said is the sole authority on budget authenticity.

With the continuing resolution passed yesterday and the plan before the Senate today, Republicans continue to show their unwavering commitment to a balanced budget. The President as a candidate promised to balance the budget in 5 years. All we are asking for is 7 years. Republicans honestly believed, and some of us are holding out hope, that President Clinton will show some leadership and help us balance the budget.

He has promised to balance the budget in 5 years, then 10 years, then 9 years, then 8 years, and as recently as October 19, the President said that he thought we could reach a balanced budget in 7 years. But he rejected yesterday's continuing resolution, and he will likely veto this bill. The President is not committed to balancing the budget. He is committed to increasing spending and an ever growing Federal Government.

The plan before us today fulfills our promises to the American people. It will:

Balance the budget in 7 years,

End welfare as we know it,

Save and strengthen Medicare, and,

Reduce taxes in a way that provides relief to families with children, stimulates growth, and generates jobs.

The bottom line is this: the future of our Nation depends upon whether we have the courage to balance the budget.

Our current path—if we do nothing—leads to:

Uncontrolled federal spending and borrowing, and skyrocketing annual deficits—$200 to $300 billion by the year 2000, and higher deficits thereafter.

In fact the deficit increases $335,000 every minute—which means that it has increased roughly $1 million in just the amount of time that I have been speaking on the Senate floor.

Another $1.2 trillion added to our national debt between now and the year 2000—which will bring the total surging past $6.7 trillion by the turn of the century;

A Medicare program that goes broke; a Medicaid program that doubles in size;

An enormous and unsustainable tax burden on young workers who will be forced to pay 82-percent of their wages in taxes to support prolific federal spending; and

The first generation of Americans in our Nation's history to have fewer opportunities than their parents.

And yet, if we do balance the budget, if we are able to impose fiscal discipline on the massive federal bureaucracy, the benefits are very real, and the possibilities are endless for our prosperity as a Nation.

According to the Joint Economic Committee, a family with a $75,000 car loan and an $11,000 student loan could save $1,771 a year if interest rates drop another percentage point under the Republican plan, and $2,828 a year if interest rates return to the levels of the 1950s.

According to the economic forecasting firm of DRI McGraw-Hill, if we balance the budget by the year 2002, the gross domestic product will be $170 billion higher than without a balanced budget. That represents a 2.5 percent increase in productivity for businesses, and about $1,000 per household higher standard of living for families.

And even Wall Street is responding positively to the current situation, closing at a record 4969, while the 30 year Treasury bill rate fell to 6.23%. If Congress fails to pass a balanced budget plan, then the American people should be scared, because the markets will lose faith in the U.S. government.

All this is possible by only slowing the growth of federal spending. Under the Republican plan, spending on Medicare, Medicaid, welfare, food stamps, the Earned Income Tax Credit, student loans, you name it, will continue to grow, only at a slower rate.

As James Glassman said in a recent editorial in the Washington Post:

If Congress' budget becomes law, the social compact will actually be strengthened. Not

only will the government keep its commitments to the elderly and the poor on health care, it will also meet an even more important obligation to the public that is abrogated 30 years ago—to spend no more than it takes in.

The Republican plan is a credible, reasonable and truly historic plan to reverse the excessive spending of the past, while continuing to provide a sturdy safety net for the poorest Americans. The plan will save and strengthen Medicare, transform the Medicaid and Welfare programs and produce unprecedented economic growth for generations to come. I strongly support the Balanced Budget Act of 1995 and urge its passage.

I yield the floor.

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. On behalf of the Democratic manager, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator is recognized for 4 minutes.

Mr. ROBB. Mr. President, I rise to oppose the budget reconciliation bill before the Senate. I do not oppose the Republican budget because it is projected to balance the unified budget by 2002, because I believe we can and should balance the budget over that time period. I oppose this budget because I believe it is the wrong way to reconcile spending and revenues.

Instead of a bipartisan consensus, it reflects a too narrow, ideological agenda that does not represent the best long-term interests of the country. And I know that the leadership on both sides of the aisle, at least in this body, can and would like to do better.

I have no doubt that my good friend and colleague, Senator DOMENICI, if not constrained by some Members of his own party, mostly in the other body, would develop a more responsible, more bipartisan budget. As a Democrat who supported both the original Senate budget resolution last May and the continuing resolution last night that committed us to a balanced budget by 2002, using CBO numbers, which we may revisit shortly, I have always been ready to work with Presidents of both parties and in Congresses having both Democratic and Republican majorities on a bipartisan basis to solve the long-term fiscal challenges facing our Nation.

Unfortunately, this year's budget process has evidenced more partisan politics and political expediency than fiscal responsibility. As my colleagues will recall, the original Senate budget resolution required us to enact legislation projected to actually balance the budget before we could proceed to consideration of a tax cut.

When the resolution came back from the conference with the House, however, tax cuts had been added up front, and the deep spending reductions had been moved into the next century. The message that this budget reconciliation bill sends by maintaining this approach is that we should begin handing out new benefits today and count on future Congresses and future Presidents to make the most difficult choices to actually reach a balanced budget. It only increases the likelihood that the budget will become even more unbalanced, hardly a legacy we want to leave to our children and our grandchildren. That will not do anything to reassure the international financial markets, much less address the increasing cynicism our citizens feel toward our Government and its elected officials.

In order to pay for a huge tax break, half of which would go to those making $100,000 a year, programs affecting health care for the elderly, the disabled and the poor, programs affecting the environment and education, programs affecting some of our most vulnerable citizens who will be cut more drastically than would otherwise be necessary is not fair.

My message to my colleagues and the President today is that there is a better way to balance the budget, a way which I believe can be supported by Members on both sides of the aisle, as well as the President and the American people. That way is to postpone a large tax cut until we achieve balance and spread the burden of deficit reduction more fairly and evenly across the Federal budget. Only if we demonstrate to the American people that a plan is fair and equitable will we be able to maintain the road to balance.

As the Virginia voters showed just 10 days ago, those who toil at the ideological extremes proceed at their own peril. It is true that the vast majority of the American people want to balance the Federal budget, as I do. But the events of the last few months reflect the fact that they want to do it in a way that reflects a broad consensus. Mr. President, I stand ready to work with both Republicans and Democrats to find that consensus.

Mr. President, I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. I yield 4 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 4 minutes.

Mr. INHOFE. I thank the Senator for yielding.

I probably will not take that much time. But, Mr. President, I have been sitting here and listening and watching. And it has been really enlightening to me to see what is going on and how the debate has been going.

When I go back to Oklahoma and we have townhall meetings and I talk to people back there, the ones I have been chastised about for referring to as the ''real people of America,'' they ask the question over and over again, ''Senator, why don't you just do it? All this talk about balancing the budget. Why don't you just do it? We have to do it. We have to live with a balanced budget. Why not do it?'' Because every big spender around, every liberal in Congress says he or she wants to balance the budget, and yet when it comes down to getting the opportunity to actually do it, we do not do it.

I hope those people who ask that question at the townhall meetings are watching carefully tonight, because now you know why it is so difficult to do something that seems so easy back home.

The second thing is listening to some of these speeches—I do not mean this in a demeaning way or insulting way to anyone, but I really feel that so many people right now are trying to hold onto the past with white knuckles. Those individuals who rejoiced back in the 1960's when Government took greater control of our lives cannot believe that times are changing and that the people are no longer going to tolerate that.

If you stop and analyze the elections of 1994, it is an overwhelming revolution at the polls.

And who was defeated? All you have to do is get the ratings. You know, people know who the big spenders are and who they are not. The National Taxpayers Union, many others, have ratings. Those individuals who lost at the polls in 1994 were the ones who were the big spenders.

This revolution started, really, back in 1980 with the election of Ronald Reagan. Of course, he did not have the support of Congress, so he could not get the things done he wanted to. I will always remember looking at television on the Wednesday morning after the election, that landslide election when Ronald Reagan won in 1980, and it was the defeated person who had run against him. He was on the ''Today Show,'' and he made a statement I will always remember. He said, this is a quote, ''I cannot believe the people of America have so overwhelmingly repudiated classic liberalism.''

And that is exactly what happened. But the problem is we never were able to carry out those programs, because we had a hostile and a liberal Congress.

That is changed now. That is all changed. For all those of you are who sitting around here wringing your hands saying all these bad things are going to happen, all these people are going to be cut when, in fact, they are not going to be cut, all these horrible things we have been listening to tonight, just stop and think of it in this context:

In 1993, we passed—at that time, President Clinton had control of both the House and the Senate—and we passed the largest single tax increase in the history of public finance in America or anyplace in the world. Those are not the words of conservative Republican JIM INHOFE; those are the words of the Democrat leader of the Senate Finance Committee, the chairman at that time.

So I suggest that if anyone was opposed to that great tax increase that

even now President Bill Clinton says was too great of a tax increase, if you are opposed to it, then you should be for these tax reductions now. For all practical purposes, all we are doing is repealing part of the damage we did to the American people in 1993.

So I wind up—my colleague, who I respect so much, from Minnesota, Senator GRAMS, made a talk and he ended up quoting Winston Churchill, and I think I will do the same. I can tell you folks on the other side of the aisle that the people of America know better. They do not want the patterns of the past. They realize we have to do something. Winston Churchill said: ''Truth is incontrovertible, panic may resent it, ignorance may deride it, malice may destroy it, but there it is.'' And that is what we are going to learn tonight. I yield the floor.

THE NEED FOR PRIVACY PROTECTION

Mr. LEAHY. In the few hours I have had to review the Republicans' conference report on budget reconciliation, I have come upon another major change in law that is being enacted without study, review or open debate that can adversely affect the health care privacy of all of us.

For the past several years I have been working on legislation to improve piracy protection for health care information. This session Senator BENNETT and I have joined with a number of our colleagues from both sides of the aisle to sponsor the Medical Record Confidentiality Act, S. 1360. Just this week Senator KASSEBAUM chaired a hearing on the bill before the Labor and Human Resources Committee. That hearing brought home the fears that many have of the computerization of our medical files. That development is already underway and is part of our motivation for seeking to enact strong and effective privacy protection.

Upon seeing the conference report, I find that the Republican-dominated conference has added to the bill provisions that require the Secretary of Health and Human Services to adopt standards and data elements to make information related to health care ''available to be exchanged electronically.'' This new section requiring the development and use of data networks is buried in section 8001 of title VIII of the budget reconciliation bill and proposes a new section 1858 to the Social Security Act.

I object to the inclusion of these provisions at this time in this manner in this bill on which debate is so drastically restricted and to which amendments are not in order. I do so because the provisions fail to provide strong and effective privacy protections.

Our colleagues from Missouri and Connecticut have introduced the Health Information Modernization and Security Act, S. 897, that seeks to legislate in this area of standardization of electronic data elements. When Senator LIEBERMAN introduced that bill he acknowledge the need to establish standards not just for accomplishing electronic transactions, but also for the security and privacy of the medical information. Similarly Senator BOND, the other original sponsor, noted in his introductory remarks that ''most importantly, legislation is needed to protect the privacy and confidentiality of patient data.'' Their pending Senate bill references the need for privacy standards for health information to be established by regulation, and lists four principles to govern such standards.

The conference report includes no privacy protection. Privacy is never mentioned in the entire new proposed section. Business interests are protected. Trade secrets are expressly protected. The security, integrity, and confidentiality of the data is protected. But personal privacy is not. Indeed, although the section contains a definition for purposes of the section of ''individually identifiable MedicarePlus and medicare enrollment information,'' it is never employed in the section.

What is needed before we proceed to computerize personal health care information is the enactment of strong and effective privacy protections. That is what the Medical Records Confidentiality Act, S. 1360, is intended to provide—strong and effective protections with strong criminal, civil, and administrative sanctions against those who violate our medical privacy.

The privacy interests of the American people are being disserved. Those participating in Medicare are entitled to have their privacy protected, as are we all. I urge my colleagues from both parties and both Houses to join with me and reject this effort to proceed without the necessary protections for individual privacy. This is the wrong way to proceed.

Mr. GRASSLEY. Mr. President, I rise in support of the Balanced Budget Act of 1995. Just as many thought they would never see the Berlin Wall fall, this is a day that I never thought I would see—the U.S. Congress passing a balanced budget that uses realistic economic assumptions, not rosy scenarios.

Over a year ago, Republicans campaigned to balance the budget and cut taxes. The American people have become justifiably cynical about politicians making promises to get elected. Well, this budget can be summed up in one phrase: promise made, promise kept.

The Balanced Budget Act keeps our commitment to the American people; we do balance the budget. And only after the nonpartisan Congressional Budget Office certified that the Republican plan achieves a balanced budget did we turn to providing working families tax relief.

And let's be clear, in 1996, 88 percent of the tax cuts will go to families earning under $100,000, 72 percent to families earning under $75,000.

These tax cuts are targeted to help families with a $500 per child tax credit, a tax credit to help families meet the costs of adoption and relief from the marriage penalty.

These tax cuts will also help family farms and small businesses by reducing the estate tax and lowering capital gains.

Republicans promised tax relief for working families and we have delivered.

Mr. President, while Republicans have kept their promises to the voters, President Clinton seems to want to forget the promises he made. His alternative is to ''just say no.'' He stated that he would balance the budget in 5 years, then he said 7 years, then 10 years. He has done more flips and flops than a flapjack.

Now President Clinton is going to veto the continuing resolution that simply states that the Congress and the President should agree to reach a balanced budget in 7 years based on realistic economic assumptions. It doesn't say how that should be reached, just that a balanced budget should be the goal.

I should note that several Democrats in both the House and the Senate voted for this commonsense continuing resolution calling for a balanced budget in 7 years. They are sincere in wanting a balanced budget. My hope is that more conscientious Democrats will join this bipartisan effort for a balanced budget.

However, my concern is that still too many of my colleagues are like the old man who says: ''How do I know what I think, until I've heard what I've said.'' Likewise, many in Congress don't know how to vote until they hear from the White House. I encourage my colleagues to put the people of this country first, before the shortsighted partisan politics practiced by the White House.

Mr. President, the American people are beginning to realize the White House is engaging in gamesmanship instead of statesmanship. The great Republican President, Abraham Lincoln was certainly right, ''You can't fool all the people all the time.'' This administration is going to learn this lesson the hard way.

My mail is now running four-to-one in favor of Republicans standing firm to their commitments for a balanced budget and tax relief for working families. The phone calls are overwhelmingly in favor of the Republicans effort to preserve Medicare and reform the current disastrous Great Society Welfare programs—both part of this Balanced Budget Act of 1995.

In talking to my colleagues they are finding the same reaction. The American people are listening and considering what is being done here in Washington. And they are supporting Republican efforts to keep the promises made to the voters last fall.

And why is public opinion shifting? The sad truth is becoming clear to Americans—President Clinton has no interest in balancing the budget. President Clinton's top interest is appeasing the special interests that still control the Democratic Party.

And what do these special interests want? They want to spend more, more,

and more of the taxpayers' money. The special interests don't want a balanced budget and tax cuts for working families, that would mean less money for them to spend.

It seems the White House is completely captive to the special interests. They still believe that big government should dictate how to spend the taxpayers' money instead of families making the decisions. I thought President Clinton said he got the message from the November elections. Unfortunately, it appears he was listening to the special interests instead of the public interest.

Mr. President, this is a momentous vote. This is a vote for a real future for our children and grandchildren. For a stronger more productive economy. It is a vote to preserve Medicare and reform welfare.

I urge all my colleagues to stop listening to pollsters and the special interests who are running the White House and instead of listening to the American people who want us to keep our promises, to not break faith, and to pass the Balanced Budget Act of 1995.

Mr. President, I now want to briefly highlight a few specific provisions that I am particularly pleased are incorporated in the 1995 Balanced Budget Act.

First, is the new student loan interest deduction. I have long fought for the appropriate national investment in education. Once again the United States is investing in the minds of its people in addition to the fixed assets of its businesses.

Mr. President, we also promised more choices in health care for Medicare beneficiaries. The Medicare reforms contained in this bill are going to make that possible. It is also going to be good for my State of Iowa.

Medicare is now going to reimburse for health care services much more fairly in Iowa than has been the case in the past. We have greatly increased the Medicare per capita payments that will be made in Iowa in the coming years.

This action is going to give our Medicare beneficiaries in Iowa more health care choices than is presently the case. We have also narrowed the variation in Medicare's reimbursement from one area of the country to another, so that there will be greater equity in the use of our hard-earned tax and premium dollars.

I also want to point out that we have secured a number of very important health provisions which are going to help preserve the rural health infrastructure in Iowa:

The bill includes legislation I introduced earlier this year to restart the Medicare Dependent Hospital Program. This is going to provide greater financial support for at least 29 small rural hospitals around Iowa.

In addition, this bill includes my legislation to reform the Medicare reimbursement for physician assistants and nurse practitioners which will also help improve access to primary care services in rural Iowa.

These are just a few examples of the many good provisions in the Balanced Budget Act of 1995, and underscore the importance of passing this historic legislation.

REGARDING ENVIRONMENTAL ISSUES

Mr. WELLSTONE. Mr. President, the reconciliation bill now before us contains a number of provisions that are poor policy, that are unfair to those least able to defend themselves and that consider only short-term gain and not long-term loss. This is very clear from reading the Energy and Natural Resources provisions. As a member of that committee I can tell you that this reconciliation bill contains many provisions that are just plain poor energy policy, poor environmental policy, and cynical politicking.

Opening the Arctic Refuge to drillings is one such provision. The Arctic Refuge is one of the last pristine wilderness areas left in America. It contains the Nation's most significant polar bear denning habitat on land, and supports 300,000 snow geese, migratory birds from six continents—some of those birds even make it to my State of Minnesota—and a concentrated porcupine caribou calving ground.

Despite our uncertainty about the effects oil drilling would have on the animals, there are those who continue to push for oil drilling without an updated environmental impact statement [EIS] as required by current law. An EIS has not been done since 1987 and even that one was not sufficient back then. We just don't know what drilling would to the Arctic Refuge, and barreling ahead with drilling is just poor environmental policy.

Further, the Gwich'in people have relied on those porcupine caribou for thousands of years to provide their food and meet their spiritual needs. I have heard them speak very eloquently and directly about what oil drilling in the Arctic Refuge would do to their way of life. People like the Gwich'in want to save the environment. But they are not the big oil companies. They do not have the money. They do not have the lobbyists, and they do not have the lawyers here every day. In today's Washington environment, that seems to mean that their concerns are less important than the concerns of big industry.

Even if whatever amount of revenue gained were somehow worth destroying this unique land and the lives of the Gwich'in, there are a number of questions regarding whether the Arctic Refuge has oil, how much it has and what the cost would be to retrieve it. Estimates are broad and disagreements are rampant. Even I, a nonscientist, know one thing for certain: there is no way to tell how much revenue can be gained from drilling in the Arctic Refuge. New information, however, suggests previous figures overestimated possible revenue.

A second example of poor policy and a huge giveaway to oil and gas companies is the royalty holiday for oil and gas drilling in the Outer Continental Shelf. Oil and gas companies lease drilling rights in the Gulf of Mexico from the Federal Government. Companies pay for the leases and must also pay royalties on their production because the oil and gas is a public resource. The reconciliation bill contains a provision that would give companies a holiday from paying those royalties. Because the leases will be considered more valuable by companies if they don't have to pay royalties on the production, the CBO says that the Government will be able to sell the leases at a higher price and thus the royalty holiday will make money.

That is all smoke and mirrors. Friends of the oil and gas industry in Congress have taken advantage of the fact that the budget process looks only at whether provisions make money in the first 7 years. The royalty holiday is expected to save the Federal Government $130 million in the first 7 years. This short-term savings allows us to say that we have taken a step toward balancing the budget.

But when the short-term election year politicking ends, the other shoe will drop and it will drop hard. In the long-term, the Congressional Budget Office estimates that this royalty holiday will cost $550 million in lost receipts over 25 years. Thus, while the royalty holiday means short-term gain, it also means long-term pain.

The royalty holiday is a clear example of corporate welfare at the expense of the Federal budget. In these times of belt-tightening and difficult choices about priorities, we can and must do better.

Some have said that the royalty holiday is needed to help persuade an ailing industry to take part in a risky venture. However, an article in the October 24, 1995, Wall Street Journal reports that oil companies, ''* * * registered robust third-quarter earnings,'' and ''* * * reported a surprising gush of profits.'' Further, an October 30 Business Week article states that new technologies, ''* * * cut the cost of deep-sea production.''

I cannot stand by and watch the destruction of safety nets that protect our elderly, our children, and our most needy while at the same time providing a huge giveaway for an industry that just doesn't need it. The provisions I have mentioned are but two examples of the incredibly irresponsible environmental policy in this reconciliation bill.

Our natural resources are among the most important things we can leave to these future generations. Our children and our grandchildren deserve more than what this bad energy policy, bad environmental policy, and shortsighted politicking would leave them. I will continue to speak for all Minnesotans, for their sense of fairness and equity and for their love and concern for the environment. I urge my colleagues to join me.

Mr. MCCAIN. Mr. President, I want to commend the hard work of all my colleagues in producing this legislation. Although there are parts that do concern me, in general I strongly support this bill and the goal of balancing the budget in 7 years.

As one of the Senate Commerce Committee members who drafted title IV of the Senate bill and served as a conferee for this section of this legislation, I want to clarify for the RECORD what I believe is intended by this bill regarding spectrum auctions.

Under the bill, the Federal Communications Commission [FCC] is mandated to identify and make available for public auction 100 Mhz of spectrum. I believe that auctioning this and other spectrum is the fairest, most equitable manner in which to allocate spectrum. I would hope that the Commission would understand this fact and become spectrum auction proponents. The auctioning of spectrum in an orderly manner—done so that the public interest is served both by maximizing revenue to the Treasury and ensuring that services that use the spectrum continue in a manner that benefits the public—should be a goal of all FCC proceedings regarding the spectrum.

The bill before the Senate contains several criteria that the FCC should use in selecting which blocks of spectrum to auction. I want to emphasize for the RECORD that the inclusion of any particular criteria for the FCC to consider should not be viewed as limiting the Commission's authority to make a determination under its overall public interest standard of what existing spectrum uses may need to be continued, or from considering in making its decision the impact on any existing users of having to move to other frequencies or from requiring, as a condition of any move, that the costs of relocation be paid by new users.

Most importantly, I urge the Commission to examine all the spectrum referenced in this act and make determinations as to its allocation that are fair, equitable, and that do not unduly hurt or burden any one group or industry.

Mr. President, I hope this clarification helps guide the FCC as it moves toward auctions as mandated by this bill.

TAX CUTS IN RECONCILIATION CONFERENCE REPORT

Mr. FEINGOLD. Mr. President, I rise to express my opposition to the conference agreement on the reconciliation package, and to take particular exception to the tax cuts in that package.

Mr. President, there is a great deal to dislike in the agreement, especially with respect to Medicare and Medicaid.

The majority of the debate surrounding the reconciliation has concerned these two programs, and the cuts to those programs certainly merit the attention they have received.

Much has been said already about the Medicare and Medicaid cuts: cuts that put the most vulnerable in our society at risk; cuts that are unnecessary to balance the Federal budget deficit.

But there is little doubt that these cuts were made as a direct result of the need to fund the $245 billion tax cut.

Mr. President, the advocates of the reconciliation measure call the tax cut the crown jewel of the Contract With America.

Indeed, it is the $245 billion tax cut that drives the entire reconciliation package.

The assurances of health care coverage for the low-income, frail elderly, disabled, pregnant women, and children—both now and in the future—has been mortgaged to pay for tax cuts.

Mr. President, though I am persuaded that the nearly half a trillion dollars in cuts to Medicare and Medicaid have been made in order to fund the tax cut, some of our colleagues may take issue with that characterization.

They maintain that there are other reasons to take nearly half a trillion dollars out of our health care system.

And, some who make that argument may even believe it.

But, Mr. President, for those who do believe that argument, there is still no defense for the fiscally irresponsible tax cuts that are included in the reconciliation agreement.

Indeed, if one believes that these massive cuts are necessary in order to achieve a balanced budget, then there is no justification for supporting the $245 billion tax cut that risks achieving that balance.

Mr. President, I have argued on a number of occasions that the budget plan outlined in the reconciliation measure is unsustainable.

In part, this comes from the refusal to deal honestly with the American people, arguing, for example, that the $270 billion in cuts to Medicare are necessary to keep the Medicare trust fund solvent.

Of course, that is nonsense.

But the architects of this tax cut felt it necessary to spin this story in order to produce the cuts needed to fund the tax cut.

Regrettably, the failure to be straight with the American people does more than undercut this extreme proposal.

This deception will make it much more difficult for those of us who are willing to support some reasonable reforms to make our case to the Nation that we need to make changes to Medicare not only to keep the program solvent, but also as a matter of deficit reduction.

Mr. President, beyond the issue of deceiving the public, this budget plan is also unsustainable because its priorities are unbalanced.

A budget plan that increases Defense spending, allows special interest loopholes to continue to grow unchecked, cuts taxes by $245 billion, and does all of that while gutting our health care protections is a budget plan that does not reflect anything close to the mainstream view of the Nation.

The priorities reflected in this budget are extremist, and the Nation simply will not support their ongoing implementation over the next several years.

This plan will not survive its full 7-year lifetime.

And I suspect, Mr. President, that it is not intended to survive those 7 years.

The biggest cuts come in the latter years, sufficiently far off to allow panicked State governments to lobby for the overturn of the brutal cuts that are scheduled to descend in 2002—25 percent of the total cuts in the Senate passed bill occur in that year alone, 46 percent in the last 2 years.

Mr. President, some who support this measure may believe in the brave new world it conceives.

But there are others who support this measure who do not hold that view.

They understand that this budget is unsustainable over the full 7 years.

They may even hope that someone or something will rescue us from that last years of this budget.

But if their goal is not the dawning of a new order, what is their purpose in supporting this measure?

Mr. President, their goal is not a balanced budget.

Their goal is a fiscally irresponsible tax cut.

How else can this bill be explained?

How else can one explain a $245 billion tax cut in a bill that provides for annual deficits that add $700 billion to our Federal debt?

If balancing the budget were their highest priority, there would not be a $245 billion tax cut in the reconciliation package.

Mr. President, supporters of the reconciliation measure had the opportunity to demonstrate that balancing the Federal books was a higher priority than providing a $245 billion tax cut.

The senior Senator from West Virginia [Mr. BYRD] and I offered an amendment to the reconciliation bill during our limited debate that did nothing but strike the tax cut, lowering the bill's cumulative deficits by $245 billion.

Mr. President, the change to the bill by that amendment alone would have balanced the Federal books in 2001, a year before the underlying measure.

Only two of the Members who supported the reconciliation package also supported that amendment.

Balanced budget, Mr. President?

If supporters of the reconciliation measure really wanted to balance the budget, they would have supported that amendment.

Their failure to do so is clear evidence that the $245 billion tax cut, not a balanced budget, is their highest priority.

If the $245 billion tax cut were not the priority of the reconciliation bill, we would not see the $450 billion cuts to Medicare and Medicaid.

If the $245 billion tax cut were not the priority of the reconciliation bill, we would not have seen the tortured,

and even dangerous precedents set on this floor during the reconciliation debate through rulings from the Chair on what can only be called highly questionable parliamentary interpretations of budget points of order with respect to Social Security.

Senate rules prevent a fuller discussion of those events.

It is enough to say that the question need never have come up.

We need never have risked damage to the integrity of our rules had there been a willingness to pare back this unjustifiable tax cut to 95 percent of its proposed level.

The $12 billion raid on the Social Security trust fund, and the carefully scripted parliamentary exchange used to subvert our budget rules, was made necessary because of an unwillingness to lower the tax cut by so little as 5 percent.

Mr. President, I understand that the conference committee found a different source of funding, making the raid on the Social Security Trust Fund unnecessary.

But the damage is done.

In an effort to protect the tax cut at all costs, a critical budget rule has been weakened.

Though the $12 billion may have been restored to the trust fund, the integrity of the Senate's budget rules has been compromised.

This is not the first assault on our budget rules in the name of cutting taxes.

I am reminded in particular of the so-called dynamic scoring debate, a backdoor attempt to circumvent our budget procedures—again, done in the name of cutting taxes.

Mr. President, in the name of cutting taxes, the extremists will deceive the public, compromise our budget rules, slash health care protections for the most vulnerable in society, and forsake efforts to balance the Federal budget.

Mr. President, this budget is extreme.

And the driving force behind its excess is the $245 billion tax cut—a tax cut that apparently is timed to be mailed out only days before the 1996 elections.

Those who want to understand this reconciliation package need look no further than the tax cuts.

All other provisions flow from the assumed tax cuts.

All the actions surrounding the measure flow from the assumed tax cuts.

As I have noted, some who support this budget may actually endorse the measure's extremism.

Others support it in spite of its extremism.

But make no mistake.

Those who endorse the extreme provisions in reconciliation and those who back the measure in spite of them, support the bill primarily as a vehicle to cut $245 billion in taxes.

The fiscally irresponsible tax cut is the essence of this measure and it infects the entire package.

I urge the President to veto this measure, so we can begin putting together a budget plan that will balance our Federal books by 2002 or sooner.

A budget plan that will have enough public support to ensure that it will be sustained for the full duration.

A budget plan that includes cuts to Medicare and Medicaid, but a plan that cuts smart, not one that cuts mean.

A budget plan that distributes the burden of reducing the deficit fairly.

One that includes the defense budget as well as our health care budget.

One that includes one of the most rapidly growing areas of our Federal budget—tax expenditures.

A budget plan that does not include the fiscally reckless $245 billion tax cut that jeopardizes our most important economic goal, a balanced Federal budget.

Mr. President, I yield the floor.

CHAPTER 4—FEDERAL OIL AND GAS ROYALTIES

Mr. MURKOWSKI. Mr. President, the Federal oil and gas royalty chapter in the Balanced Budget Act is the only legislative initiative taken in the last 13 years to cost-effectively increase the Nation's third largest source of revenue—mineral royalties from Federal lands, more specifically, oil and gas royalties. This legislation would establish a comprehensive statutory plan to increase the collection of royalty receipts due the United States. These mineral receipts will help reduce our budget deficit. Without this legislation, an ineffective and costly royalty collection system will continue, perpetuating long delays and uncollected royalties.

Let me make absolutely clear, Mr. President, that this legislation does not apply to Indian lands. It applies only to royalties from oil and gas production on Federal lands.

This is historic legislation, Mr. President, in that it would empower States to perform oil and gas royalty management functions, such as auditing and collecting, that are essential to bringing additional receipts to the Treasury and the States within a 6-year limitation period established by this legislation. By expanding the States' role in performing Federal oil and gas royalty management functions consistent with Federal law and regulation, States are provided a great economic incentive that also benefits the Federal Treasury. The more aggressive States are in performing delegated functions, the greater their share of net receipts under the Mineral Leasing Act. That act requires 50 percent of all royalties from Federal onshore oil and gas production to be shared with producing States.

Chapter 4 establishes a framework for the Federal oil and gas royalty collection program that will bring in an additional $51 million in revenues to the U.S. Treasury and provide an additional $33 million to the States over 7 years. These additional receipts result primarily from: First, Requiring the Secretary of the Interior and delegated States to timely collect all claims within 6 years rather than allow the claims to become stale and uncollectible; second, requiring early resolution and collection of disputed claims before their value diminishes; third, requiring Federal and State resources to be used in a manner that maximizes receipts through more aggressive collection activities; and fourth, increasing production on Federal lands by creating economic and regulatory incentives. Without the statutory framework of this legislation, the Nation's third largest revenue source—the Interior Department's Minerals Management Service is the third largest source of revenue behind the IRS and Customs Service—will continue to be subject to greatly delayed collections and the risk of reduced receipts due to noncollection over time.

To achieve the goal of maximizing collections through more timely and aggressive collection efforts, this legislation would do the following specific things. It would require the Secretary, delegated States, and lessees to take action respecting an obligation within 6 years from the date that obligation became due. The provisions require that judicial proceedings or demands—for example, orders to pay—be commenced or issued within 6 years of the date when the obligation became due or be barred. Use of legal authority other than that provided in this section—for example, the Debt Collection Act—is not precluded so long as judicial proceedings or demands are commenced or issued within the 6-year period. It is not intended that such other legal authority be used as a substitute for, or to circumvent, emasculate or otherwise frustrate, the 6-year limitation period. Lessees would be required to maintain their records during the 6-year period in order to verify production volumes.

The legislation would expedite the administrative appeals process at the Interior Department by establishing a 30-month limitation on appeals. Presently, over $450 million in disputed claims languish in a bureaucratic appeals process and continue to lose value. By speeding up the appeals process, the Secretary would increase the value of these obligations and collections to the Treasury.

The legislation also would level the playing field for royalty payors by authorizing the payment of interest on overpayments. Present law requires lessees to pay interest on late payments and underpayments as a disincentive for being tardy or underpaying royalties, but does not compensate lessees who overpay royalties and who lose the time value of that money through some legitimate error. This legislation would provide for payment of interest on overpayments without regard to the amount of the overpayment.

And finally, Mr. President, the legislation would authorize the Secretary to allow prepayment of royalties and

to provide other regulatory relief for marginal properties, and require that adjustments or requests for refunds for underpayments or overpayments be pursued within a 5-year window coinciding with the 6-year limitation period.

Mr. President, CBO estimates that chapter 4 provisions will procure savings of $6 million in fiscal year 1996, $40 million in 5 years, $51 million in 7 years, and $66 million in 10 years. We believe this legislation will do more than simply bring receipts to the Government earlier than they would arrive under the present system, Mr. President. We believe a more efficient, effective, and aggressive program, combined with some of the economic incentives and regulatory relief, will bring new savings to the Treasury and the States. Because of these savings, the provisions in chapter 4 are an important part of the Balanced Budget Act of 1995.

SECTION 1107

Mr. CRAIG. Mr. President, I rise to engage in a colloquy with Senator LUGAR, the distinguished chairman of the Committee on Agriculture, Nutrition and Forestry, regarding section 1107 of the bill.

Mr. LUGAR. I would be pleased to engage the Senator from Idaho in a colloquy.

Mr. CRAIG. Is it your understanding that section 1107 of the bill reforms the Federal Sugar Program by imposing a forfeiture penalty which effectively reduces the loan level for sugar by 1 cent per pound, eliminating domestic sugar allotments that control supply, conditionally authorizing the use of recourse sugar program loans, and increasing the contributions of sugar producers toward deficit reduction by increasing the assessments on sugar marketings by 25 percent?

Mr. LUGAR. The gentleman is correct, the reforms in section 1107 will result in more competitive sugar prices, enhanced Government revenues, and the potential for increased sugar imports.

Mr. CRAIG. Mr. Chairman, as a conferee for the Senate on section 1107 of the bill, it is my understanding that the conferees have agreed to include language in subsection (d) of section 1107 that will reform the Sugar Program by authorizing, for the first time, the Secretary of Agriculture to administer the program through the use of recourse loans, subject to specific conditions. If implemented, the use of recourse loans is a major reform from the nonrecourse loans that have been used to support the prices of all basic farm program commodities in this century. The conferees authorized the use of recourse loans for the Sugar Program only subject to specific conditions outlined in section 1107(d) of the bill. Is this your understanding as well?

Mr. LUGAR. The gentleman is correct. Section 1107 conditionally authorizes the Secretary to depart from current practice and use recourse loans to administer the Sugar Program. Section 1107(d)(2) conditions the use of recourse loans on the requirement that the Secretary provide nonrecourse loans in the event that the tariff rate quota for imports of sugar into the United States is established at, or increased to, a level in excess of 1.5 million short tons of sugar in any year. It is the clear intent of the conferees that if the subsection (d) conditional authorization for the use of recourse loans to administer the Sugar Program, or the restrictive conditions on the use of such authority in paragraphs (2) and (3) of subsection (d), is removed from the bill, the Secretary of Agriculture shall continue to administer the Sugar Program through the use of nonrecourse loans authorized under subsections (a) and (b).

MEDICAID PAYMENTS TO INDIAN HEALTH SERVICE FACILITIES

Mr. PRESSLER. Mr. President, I would like to discuss several important Medicaid provisions in the Balanced Budget Act that will have an impact on my home State of South Dakota.

The Medicaid reform proposal, as contained within the Balanced Budget Reconciliation Act, would maintain current law that requires the States to pass through to Indian Health Service facilities funding from the State's federal Migrant allotment. For a State such as South Dakota—with 37 percent of its Medicaid beneficiaries being Native Americans—this creates a highly problematic situation. Let me explain. Presently, the IHS budget is funded at an amount less than actual need. To deal with this shortfall, Federal funds have been made available through State Medicaid programs. As my colleagues know, the proposed Medicaid reform provisions would cap Federal Medicaid funds to the States. As a result, States with IHS and significant Native American populations facilities would be forced to use limited Federal funds to supplement the intentional shortfalls in the IHS budget, which could limit Medicaid service availability to Medicaid eligible Native and non-Native Americans. To compensate, States may need to limit payments to IHS facilities to conserve Federal dollars, or utilize limited State resources to make up shortfalls for non-Indian people. In short, the Medicaid reform proposal would unfairly single out those States—37 in all—with a significant Indian population.

The majority leader has requested from me and the Governor of my State suggestions as to how we may rectify this situation. I believe three possible solutions exist: First, the creation of a separate tribal allocation equal to ½ of 1 percent of the budget for the new Medicaid Program that would assure reimbursement for services to Native Americans through their Indian health programs. This allocation could be provided either through a direct billing mechanism between the tribes and the Federal Government, or through the current pass-through structure. Second, a repeal of the current Federal statute that requires States to serve as a pass through for IHS Medicaid funds. This would release States of what I believe to be an improper involvement in the special relationship that exists between the Federal Government, the Indian Health Service and Native American citizens. This repeal would require the establishment of a direct billing mechanism to satisfy existing requirements of 100 percent Federal reimbursement; or third, to satisfy those States desirous of maintaining current law, a structure that would allow States the option to either continue serving as a pass through, or to insist on a direct Federal-tribal relationship.

Mr. President, at issue is the increased flexibility we promised our Nation's Governors in return for their acceptance of a revised Medicaid funding formula. Obviously, maintenance of the current system would severely hamper the flexibility of States with significant Native American populations. Two factors are involved: A capped Medicaid grant, and a 100-percent Federal reimbursement requirement for Medicaid eligible Native Americans. Without additional Federal funds under the current system, or a direct Federal-tribal billing system, the result will be added pressure on States to use its own funds to maintain services for Medicaid eligible non-Indians. The majority leader has indicated his interest and support for finding an appropriate solution. Unfortunately, this issue was left unresolved prior to the completion of conference. On behalf of the numerous Senators and Governors who have contacted the majority leader on this issue, it is my hope we will find a fair solution once the President vetoes this legislation.

Mr. President, I see the senior Senator from Alaska on the floor. I know my colleague shares my concerns regarding the current Medicaid reform proposals and would yield to him to make any comments on this subject.

Mr. STEVENS. I thank my friend from South Dakota. Mr. President, I share Senator PRESSLER's concerns regarding funding for Medicaid services provided to Indians and to Native Alaskans. In Alaska, approximately 35 to 40 percent of Medicaid recipients are Native Alaskans.

In the past, the Federal Government has paid 100 percent of the costs of Medicaid services delivered to Alaska Natives in Indian Health Service facilities. The State of Alaska acted only as a conduit for these funds. I understand that the proposed MediGrant Program would continue to require that health services provided to eligible Alaska Natives in IHS facilities as well as tribally owned or operated facilities be paid 100 percent by the Federal Government. In light of funding shortfalls for the Indian Health Service, IHS facilities in Alaska depend on these third-party payments from the Medicaid Program to meet their expenses.

However, under a capped MediGrant Program, Alaska may be faced with a

Hobson's Choice of either cutting back on payments to Native facilities or being forced to cut back on payments for services to poor non-Native Alaskans. This could easily lead to racial tensions in Alaska which we all work very hard to avoid.

I would like to add my voice to that of my colleague from South Dakota in urging your continued cooperation in finding an equitable solution to this problem.

Mr. PRESSLER. Mr. President, I see the distinguished majority leader on the floor and I would like to yield to him to make a brief statement regarding Medicaid payments made to Native American health programs serving Medicaid eligible native Americans.

Mr. DOLE. Mr. President, I recognize the importance of this issue to South Dakota, Alaska, and other States with significant native American populations. I have had a number of recent conversations with my colleagues from South Dakota and Alaska. I also heard from the Governor of South Dakota. They have made me aware of the impact this issue may have upon their States. The Senators from South Dakota and Alaska have my assurance that I will continue working with them to find a solution to this complex issue.

Mr. PRESSLER. Mr. President, I thank the majority leader and my friend from Alaska. I appreciate the majority leader's consideration of our request and look forward to working with him on this matter of great importance to South Dakota, Alaska, and all other States with significant native American populations.

DAIRY PROVISIONS IN RECONCILIATION REVEAL HYPOCRISY

Mr. FEINGOLD. Mr. President, during this budget debate, it became quite clear that Republican's rhetoric about less Government, less regulation, less spending, and the end of business as usual, cannot stem their rush to pass this particular budget package, regardless of the contents of the package. The hypocrisy of that rhetoric was revealed during these debates, when Republicans began abandoning not only their own rhetoric, but also members of their own party in an effort to pass a budget.

Mr. President, I am talking about the sequence of events that have occurred both in this Chamber and the House of Representatives on dairy policy. Actions of the Republican leadership are more significant for what they didn't do than for what they did do on dairy policy. What does this budget reconciliation bill before us do on dairy policy? Nothing, Mr. President, absolutely nothing. No savings, no reform, and clearly no courage to make the tough calls.

This is inexcusable during a year in which this budget bill represents the vehicle for major reform of all agricultural programs. Dairy policy, and specifically, the Federal milk marketing order system is badly in need of reform. Federal milk marketing orders are an antiquated, overly regulatory system of setting milk prices throughout the country and determining where, when, and how milk should be shipped. The system sets minimum milk prices artificially high in many parts of the country at a significant cost to both taxpayers and consumers, and to the extreme disadvantage of dairy farmers in Wisconsin and throughout the Upper Midwest, where fluid milk prices are the lowest by law. The system has distorted the market resulting in perverse economic incentives for overproduction in a sector for which the slightest oversupply can send farm-level prices plummeting.

This budget bill presented an ideal and unique opportunity to both reform Federal milk marketing orders, reduce regulation and save millions in taxpayer dollars. Eliminating Federal orders while leaving a basic support system in place would have saved $669 million over 5 years, which is only about $100 million shy of the conference committee target for dairy. Instead of taking the route of terminating this system and letting the market work, the Republicans dropped the $800 million in savings the conference committee was to achieve from dairy.

But, Mr. President, nothing was done, no changes were made. We are left with the status quo—the status quo that the leaders of the so-called revolution had made a commitment to end. ''We are going to end business as usual''—that is what the Republicans told the American people.

Well, it is business as usual, Mr. President.

That was pretty clear when the Senate took up dairy late last month. The Senate version of reconciliation not only did nothing to eliminate the inequities and regulatory burdens of Federal milk marketing orders, but actually provided for more Government regulation, more market distortion and more regional inequities. During floor action, Senators approved legislation imposing a hidden tax on dairy farmers throughout the Nation for the benefit of a few west coast States—known as class IV pooling. The Senate also approved the northeast dairy compact which was astonishing in this political climate. Some of the very Members of this body who have been decrying the consumer costs and excessive Government intervention imposed by the sugar and peanut programs, not only voted to impose a milk tax on New England consumers but also to allow six States to set minimum milk prices well above that allowed under current law.

The House, after seeking some reform compromise on Federal orders, ultimately voted to eliminate them. That was certainly the wiser of the two courses, and an approach, which I ultimately endorsed following the Senate's ill-conceived actions. The Upper Midwest is harmed so badly by Federal orders, that in the absence of reform, they prefer a completely unregulated market to an overregulated one.

Despite the efforts of those of us from the Upper Midwest to reform Federal orders and despite the months of effort by Congressman GUNDERSON, a Republican and chairman of the House Subcommittee on Dairy Policy, to terminate the program when reform efforts failed, the Republican majority took a walk on dairy policy. Congressman GUNDERSON worked hard to set dairy policy right. Unfortunately, in the end when it counted, Speaker GINGRICH decided that political expediency was more important than supporting his chairman's package. The Republicans have abrogated their responsibilities on a tough issue.

House Speaker NEWT GINGRICH indicated that reform of Federal Orders would be high on the Republican agenda following Thanksgiving. However, given that Speaker GINGRICH was willing to forgo $800 million in budget savings in order to avoid a fight in his own party on dairy policy, I am highly skeptical that his commitment to reform is terribly strong.

Mr. President, I have always said there are three avenues to restoring fairness to Wisconsin farmers: judicially—by bringing legal actions against the Department of Agriculture; legislatively—which now seems unrealistic; and administratively—through the Secretary of Agriculture's vast rulemaking authority.

Several months ago, Secretary of Agriculture Dan Glickman accepted my invitation to participate in a barn meeting with dairy farmers in Greenleaf, WI. Having spent an hour and a half listening to dairy farmers, Secretary Glickman conceded that indeed Federal orders discriminate against the Upper Midwest to the benefit of dairy farmers in other parts of the country and that fluid milk prices set too high in some regions encouraged overproduction.

While I have long been skeptical of the ability of the Department of Agriculture to do the right thing with respect to orders, I think the dairy farmers of Wisconsin have in Dan Glickman a Secretary who has at least been willing to admit our farmers have been justified in their cries of ''foul.'' Previous Secretaries have failed in their duties in that respect.

So, today I am calling on Dan Glickman to do what Congress apparently cannot—make the changes to this antiquated program that the farmers of Wisconsin so deserve. I hope, and feel confident, that Dan Glickman has the courage that the Republican leadership lacks on this matter.

I would put my colleagues on notice, however, that I am not willing to give up the fight in this Chamber. This battle for fairness is not over. And, Mr. President, if Members are not willing to compromise to achieve reform, I will seek the termination of Federal milk marketing orders.

Mr. SMITH. Mr. President, it is now or never time in the economic history

of our country. At the end of this year, our national debt will exceed $5 trillion. We are adding to the debt at the astonishing rate of $9,600 per second. As I speak, every man, woman, and child in America is more than $18,000 in debt. There is little doubt that a crisis is at hand. The only question remaining is: Will the Congress and the President of the United States step up to the plate and solve the problem?

The Balanced Budget Act of 1995 before the Senate today is the congressional answer to our crushing debt problem. It may not be the final answer, it may not be the perfect answer, but it is the only answer put forth thus far. President Clinton has never submitted a balanced budget to Congress, and has made it clear that he never will. In fact, as the ongoing Government shutdown shows, the President would rather close the Federal Government than agree to balance the budget. Clearly, President Clinton does not have his priorities straight.

Over the past several weeks, we have heard vicious attacks on the balanced budget bill that is before the Senate today. The Republican balanced budget has been called ''immoral'' and ''irresponsible.'' The American people have been warned of ''devastating'' cuts in spending. To the casual observer, it might appear that the sky is about to fall. The truth, however, is quite different. In fact, the budget before the Senate today is the only chance to save our country from an immoral, irresponsible, and devastating future.

Mr. President, if there was an easy solution to our fiscal problems, you can rest assured that Congress would have found it long ago. I do not agree with every provision in the bill before the Senate. If I could pick and choose, there are many priorities that I would change. On the balance, however, I think the product is a good one because it gets the job done. There are no smoke and mirrors, just a solid balanced budget using solid economic assumptions. I would like to commend Senator DOMENICI for his leadership and hard work on this bill.

The bill before the Senate will balance the Federal budget in 7 years. That fact has been certified by the Congressional Budget Office. The budget will save Medicare from bankruptcy, and strengthen and protect the program for future generations. The legislation completely overhauls our broken welfare system. It transfers power away from Washington bureaucrats and returns it to State and local officials.

The benefits of a balanced budget far outweigh any temporary pain. The Congressional Budget Office estimates that a balanced budget will result in a reduction of long term interest rates of approximately 2 percent. On a typical student loan, that reduction would save American students $8,885. On a typical car loan, it would save the consumer $676. On a 30 year, $80,000 mortgage, lower interest rates would save the homeowner $38,653 over the life of the mortgage.

Mr. President, the Senate bill also provides significant tax relief to American families. I know that many of my colleagues have expressed disdain at the idea of cutting taxes. Apparently, they find it offensive to let American taxpayers keep more of their hard-earned money. I would ask, is it offensive to provide a $500 per child tax credit? Is it offensive to create a tax credit for adoption expenses? Is it offensive to provide a tax credit for interest paid on a student loan?

I certainly do not think so?

The critics of tax cuts think Members of Congress can spend money better than a family of four in Berlin, NH, or Cleveland, OH, or Atlanta, GA. I would respectfully disagree. The only way to limit the size and scope of the Federal Government is to limit its source of energy. The Federal Government is fueled by taxes. Simply put, the more Uncle Sam collects in taxes, the more Uncle Sam will spend. In 1993, President Clinton raised taxes on the American people by $250 billion. He wanted to expand the Government. In 1995, the Republican Congress proposes to reduce taxes by $245 billion. We want to shrink the Government.

Mr. President, I have held a good many town meetings in New Hampshire to talk about the budget, taxes, welfare reform, and Medicare. Often, when I say that Congress intends to balance the budget in 7 years, my constituents ask why we are waiting that long! It is a difficult question to answer. There is no danger in going too far, too fast, as many would have us believe. The real risk to all Americans is the risk that we will not get the job done.

I have waited 10 years for the opportunity to vote for a balanced budget. The time for waiting is over and the time for acting is now. This budget is bold; it is real, and it stands alone as the only solution to our Nation's fiscal problems. I urge my colleagues to support the Balanced Budget Act of 1995, and I urge the President to sign the bill into law.

## ''MIDNIGHT IN AMERICA'' AND BUDGET PRIORITIES

Mr. KENNEDY. Mr. President, I rise today to call the attention of my colleagues to an excellent recent opinion column by Jamie Stiehm distributed by New America News Service/New York Times Special Features. The column, entitled ''Midnight in America,'' describes the Senate passage of the Budget Reconciliation bill last month, and is especially timely now as the Senate continues to debate the Republican budget plan. As the column makes clear, the true debate is about fundamental American priorities and the kind of country America will be in the years ahead. I believe Ms. Stiehm's column will be of interest to all of us in Congress, and I ask unanimous consent that it may be printed in the RECORD.

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

### ''MIDNIGHT IN AMERICA''

(By Jamie Stiehm)

[From the New America News Service/New York Times Special Features]

Now that the O.J. Simpson trial and the World Series are over, maybe America can pay attention to another show—and what a show it is on the floors of the House and the Senate.

Not all revolutions have to happen in the streets. Nor do all revolutionaries look like Lenin. The one we're having right now is something we can see on C–SPAN and arose largely as a result of apathy, not action, on the part of the American electorate, most of whom forgot to vote last fall.

So what we have here is a character named Newt changing the course of a perfectly nice country, while most of its citizens weren't even watching.

Make no mistake, this is no budget business as usual. The manner, means and contents of the enormous budget bill passed by Congress—just as the clock struck midnight on the Senate side—are like nothing its members have seen, done or dreamt before.

First, the idea of allowing 30 seconds of debate on both sides of some amendments might seem strange in the greatest deliberative body in the world. But the Senate needed no more time than that to pass amendments like the one allowing 19 million acres of Alaskan wilderness to be opened to oil drilling. Don't ask what that has to do with a balanced budget, because I don't know. What I do know is that the Senate rejected the same idea of drilling in the Arctic preserve after a long floor fight a few years ago—just one way the times have changed.

Another is the sheer refusal to deal across the aisle. Traditionally, politics is about the art of the possible, the search for a compromise that makes the greatest number of people happy. But not this time. The only bargaining and concessions made were between Republicans themselves, with moderate Republicans able to make a small difference to the final outcome. For example, they persuaded Majority Leader Bob Dole (R-Kan.) not to knock out all federal nursing home standards. Again, don't ask me what that particular issue has to do with a balanced budget.

As far as Republicans were concerned, though, Democrats were just making so much noise about tax cuts and Medicare cuts. The two figures are suspiciously similar, with Republicans proposing to cut taxes by $245 billion and Medicare by $270 billion over the next seven years. That's what Democratic senators such as Edward Kennedy (D–Mass.) were roaring about all week, the unseemliness of changing the tax code at the expense of health care for senior citizens. Not to mention the fact tax cut helps the rich and hurts the poor. Those earning under $30,000 will actually pay higher taxes under the new budget plan brought to us.

Makes a whole heap of sense, doesn't it? Especially when the latest poll reveals that most voters, including registered Republicans, don't even want that tax cut.

Finally, please don't ask me why the Pentagon didn't lose a penny under this budget—in fact, it got a few billion dollars more than it asked for, though there are no wars, cold or hot, in sight.

Yet plainly embedded between the lines and numbers of this latest Capitol Hill budget are values that go counterclockwise to American history. Throughout most of this century, since the Progressive Era and the New Deal, the direction of social legislation

has been to make the federal government a friend, not an enemy, for most American citizens and families. Social Security and the G.I. bill are the classic examples of this trend, of course, but there are countless others, such as the 1964 Civil Rights Act.

But now the new thing is ''devolution,'' a word heard almost every day on the Hill. That translates to sending money, power and responsibility from the federal government to the states to take care of public assistance for the aged, sick and poor. The ways and means to this end is through another new buzz word, ''block grants.''

Since when have states suddenly become beacons of wisdom and enlightenment in political dialogue? The last time states were regarded with such reverence by politicians in Congress was right before the Civil War. But believe me, I'd rather have the federal government watching over social welfare and equal justice than any one of the 50 states. That, if nothing else, is a painful lesson from our history.

There was a good reason why the Founding Fathers decided we are the United States, not simply the States. America stands for something more than the sum of its parts.

''The people have bread, but they want circuses,'' said a wise member of the Senate as he walked onto the floor to vote.

Change channels, America. Watch Newt Gingrich try to lead the latest American revolution—or should I say devolution—and see if that's the country you want to wake up to the morning after midnight.

Mr. COATS. Mr. President, there are a number of compelling economic reasons to support a balanced budget: Lower interest rates: Higher economic growth. Others have drawn those implications in detail.

But these economic facts do not fully explain the urgency of this issue in the minds of many Americans. There is a moral aspect to this debate, and a moral imperative we must understand. Many of us are convinced that endless deficits are not only unwise, but unprincipled. They are not just a drag on our economy, they are a burden on our national conscience.

Thomas Jefferson defined this moral aspect, arguing that:

The question of whether one generation has the right to bend another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of Government. We should consider ourselves unauthorized to saddle posterity with our debts, and be morally bound to pay them ourselves.

We are debating one of the fundamental principles of government, and one of the basic moral commitments between generations. It has always been one of the highest moral traditions for parents to sacrifice for the sake of their children. It is the depth of selfishness to call on children to sacrifice for the sake of their parents. Mr. President, if we continue on the current path, we will violate this trust between generations, and earn the contempt of the future.

Every child born in America now inherits nearly $19,000 in public debt. This is the destructive legacy of a Government without courage. While decades of deficit spending has caused a budgetary crisis, it has done more than that—it has betrayed a moral responsibility because when Americans view our actions, they see past the numbers to a set of principles. They see more than a matter of right and left, they see a matter of right and wrong.

Make no mistake, this Balanced Budge Act makes good economic sense. But it also makes us consistent with our highest ideals.

That is the moral imperative of this economic debate—the reality beyond the bottom line. But there is, as always, a political imperative that pushes in the opposite direction.

Deficit spending has always made political sense. It allows government to please people in the present by placing burdens on the future. The future, significantly, has no vote in the next election.

Both the President and Congress have built their power on the ability to buy constituent support with cash funded from debt. Republicans and some Democrats in Congress prepared to part with that destructive power. The President, it seems obvious, is less willing to surrender it—even in this budget crisis, even when the views of most Americans are clear, even when so much is at stake.

These two imperatives—the moral imperative and the political imperative—are struggling against each other at this moment. Never in my career has the choice been more stark or more important.

On one side are false numbers and false promises. The President says he favors a balanced budget, but he is willing to shut down the Government rather than commit to hard deadlines and hard numbers. His commitment during the campaign was a balanced budget in 5 years. Now he refuses to accept 7. And, in reality, because he will not use reliable budget numbers, he rejects any balanced budget at all.

With this balanced budget act, we have called the President's bluff. At one point he said he could only accept Congressional Budget Office numbers. His exact quote? ''Let's at least argue about the same set of numbers so the American people will think we're shooting straight with them.'' That is precisely the Republican point: All our talk of a balanced budget is meaningless if we are simply twisting numbers, not making cuts. This is the exceptional achievement of the Balanced Budget Act—it is based on facts, not on hope.

The President has already admitted that a balanced budget is possible in 7 years. His exact quote? ''There's a way for me to meet the stated objectives, which is a balanced budget in 7 years, with a family tax . . .'' But now—faced with a bill that meets this goal—he says that 7 years is too soon.

This is the same old political imperative at work—preserve the ability to buy votes by robbing the future, promise benefits to every special interest in the country, the most special of all interest, the children, with no thought for the next generation. That political imperative has won every budget debate since the late 1960's. But this Republican budget finally has the courage to confront the political imperative—the courage to say that our generation has a moral duty to the next.

The Balanced Budget Act is a practical, serious, responsible expression of that moral imperative. It allows us to care for the needs of our own society, without adding to the burdens of the future. Even the Washington Post has observed, ''It's gusty and in some respects inventive—and it addresses a genuine problem that is only going to get worse.''

Mr. President, this is a historic piece of legislation—and not just for economic reasons. It allows us in the Congress to leave some legacy to the future other than monumental debt—a legacy of moral courage and responsibility. We have waited a long time to make a vote like this—a vote to keep our word and keep faith with the next generation.

Mr. EXON. Mr. President, I ask unanimous consent to have printed in the RECORD a list of Byrd rule violations contained in the reconciliation conference report.

This list has been prepared by the Democratic staff of the Senate Budget Committee.

It is my opinion that each of these provisions violates section 313 of the Congressional Budget Act of 1974.

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

EXTRANEOUS PROVISIONS, RECONCILIATION 1995

| Subtitle and section | Subject | Budget Act violation | Explanation |
|---|---|---|---|
| Title I—Agriculture | | | |
| Section 1109(a)(2) | Strikes sections listed as ''omitted law'' in the code. Purely housekeeping in nature. | 313(b)(1)(A) | No budget impact. |
| Section 1109(b)(2) | Strikes Agricultural Act of 1949 | 313(b)(1)(D) | Outlay changes are merely incidental. |
| Title IV—Education and Related Provisions | | | |
| Subtitle A | Higher Education | 313(b)(1)(A) | Only recovery of reserves scores. |
| Sec. 4004 | Amendments Affecting Guaranty Agencies | | The cost estimate includes a line showing this provision as having no budgetary effect. |
| (e) | Reserve Fund Reforms | | |
| (1) | Strengthening and Stabilizing Guaranty Agencies. | | |

EXTRANEOUS PROVISIONS, RECONCILIATION 1995—Continued

| Subtitle and section | Subject | Budget Act violation | Explanation |
|---|---|---|---|
| Subtitle A | Higher Education | 313(b)(1)(A) | Only recovery of reserves scores. The cost estimate includes a line showing this provision as having no budgetary effect. |
| Sec. 4004 | Amendments Affecting Guaranty Agencies | | |
| (g) | Reserve Ratios | | |
| Subtitle B | Provisions Relating to ERISA '74 | 313(b)(1)(D) | The waiver would slightly speed distribution. |
| Sec. 4101 | Waiver of Minimum Period for Joint and Survivor Annuity Explanation Before Annuity Starting Date. | | The JCT estimates ''negligible effect revenue effects,'' therefore the budgetary effect of this provision is merely incidental. |
| Title V—Subtitle C: Natural Resources | | | |
| Subchapter A—California Directed Land Sale: | | | |
| 5301 | Conveyance of Property | 313(b)(1)(D) | Merely incidental, budget savings incidental to broader policy of transferring Federal land (Ward Valley) to the State of California for the purpose of developing a low-level radioactive waste site. |
| Subchapter B—Helium Reserves: | | | |
| 5317 | Land Conveyance in Potter County, TX | 313(b)(1)(A)(D) | Non-budgetary and merely incidental, requires the Secretary of the Interior to transfer land to a girl scout group for $1. |
| Chapter 2—ANWR: | | | |
| 5333(c) | Compatibility | 313(b)(1)(A) | Non-budgetary. |
| 5333(h) | Conveyance | 313(b)(1)(A) | Non-budgetary, authorizes the Secretary to convey land to the Kaktovik Inupiat Corporation. |
| 5338(19) | Employment and Contracting | 313(b)(1)(A) | Non-budgetary, requires best effort to assure that the lessee provides a fair share of employment for Alaska Natives. |
| 5341 | Expedited Judicial Review | 313(b)(1)(A) | Non-budgetary, limits time period for filing compliant seeking judicial review, and exempts actions of Secretary to judicial review in any civil or criminal proceeding for enforcement. |
| 5342 | Rights-Of-Way Across the Coastal Plain | 313(b)(1)(A) | Non-budgetary, overrides existing law (ANILCA's title X1) which delineates procedures for transportation rights of way within the Alaska refuges, including ANWR. |
| Chapter 5—Mining: | | | |
| 5378 | Eligible Area | 313(b)(1)(A) | Non-budgetary, sets up eligibility criteria for reclamation activities funded by the States. |
| Chapter 7, Subchapter A—Bonneville Power Administration Refinancing: | | | |
| 5409 | Contract Provisions | 313(b)(1)(A) | Non-budgetary, requires the BPA to offer its customers contractual commitments that will not assess any additional charges in the future, beyond the changes included in this section. |
| Chapter 12—Concession Reform: | | | |
| 5464(b)(6) | Hiring Preference | 313(b)(1)(A) | Non-budgetary, intent of section is to require a hiring preference for residents of the State of Alaska with respect to concession operations in that state. |
| 5467 | Rates and Charges to the Public | 313(b)(1)(A) | Non-budgetary, authorizes the concessioner to set rates charged for service to the public, unless there is no nearby competition. |
| 5472(b)(5) | Preferential Right of Renewal for Existing Concessionaries | 313(b)(1)(A) | Non-budgetary, allows incumbent Concessionaries to receive a 5 percent bonus in the reissuance of a previous concession authorization which expires over the next 5 years. |
| Title VI—Federal Retirement and Related Provisions | | | |
| 6023 | Availability of Surplus Property for Homeless Assistance | 313(b)(1)(D) | Extraneous; savings merely incidental to policy change. Repeals Title V of the McKinney Homeless Act. |
| Title VII—Medicaid | | | |
| The following Sections refer to amendments to the Social Security Act as amended by Section 7001 of the bill: | | | |
| ''2100'' | Purpose | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''2105(a)(4)'' | Advisory Committees | 313(b)(1)(A) | Extraneous; no budgetary impact. States are required to provide for consultation with one or more advisory committees established and maintained by the State. |
| ''2112(f)'' | Exceptions to Minimum Set-Asides | 313(b)(1)(A) | Extraneous; no budgetary impact. Provides for States to opt out of set-aside requirements. |
| ''2114'' | Description of Process for Developing Capitation Payment Rates | 313(b)(1)(A) | Extraneous; no budgetary impact. Not required for other services provided under the plan. |
| ''2135(g)'' | Estate Recoveries, Liens Permitted | 313(b)(1)(A) | Extraneous; no budgetary impact. Reverses current law by allowing States to recovery resources from an individual or an individual's estate for any amount paid as medical assistance. |
| ''2137'' | Quality Assurance Requirements for Nursing Facilities | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''2154(e)(1)'' ''Only the Secretary . . . under this subsection.'' | Judicial Review | 313(b)(1)(A) | Extraneous; no budgetary impact. Prohibits cause of action against a State for failure to comply within the law or its plan. Only the Secretary may compel a State to comply with this Title. |
| ''2171(a)(8)'' from ''only if such drugs . . .'' to end | Prescription drugs | 313(b)(1)(A) | Extraneous; no budgetary impact. Provides only drugs not used or assisted suicide. |
| ''2171(a)(19)'' from ''only if necessary . . .'' to end | Abortion | 313(b)(1)(A) | Extraneous; no budgetary impact. Provides for abortion services only in the case involving rape, incest, and when the life of the mother is jeopardized. |
| Sec. 13301 | Exemption of Physician Office Laboratories | 313(b)(1)(A) | No budget impact. |
| Sec. 1853(f) of the Social Security Act as added by Section 8001 of the bill. | Application of Antitrust Rule of Reason to Provider-Sponsored Organizations. | 313(b)(1)(A) | No budget impact. |
| Sec. 1856(a)(6) of the Social Security Act as added by Section 8001 of the bill. | Establishment of Standards; relation to State Laws | 313(b)(1)(A) | No budget impact. |
| Sec. 1858(d) (1) and (2) of the Social Security Act as added by Section 8001 of the bill. | Adoption of Standards for Data Elements | 313(b)(1)(A) | No budget impact. |
| Sec. 1882(d)(3)(i), (iii), (iv), (v), (vi) of the Social Security Act as added by Section 8002(a)(1) of the bill and Section 1882(d)(3) (B), (C), and (D) of the Social Security Act as added by Section 8002(a)(2) of the bill and Section 1882(u)(1) of the Social Security Act as added by Section 8002(b) of this bill. | Duplication and Coordination of Medicare-Related Plans | 313(b)(1)(A) | No budget impact. |
| Sec. 8021 | Medicare Payment Review Commission | 313(b)(1)(A) | No budget impact. |
| Sec. 8116 | Additional Exception to anti-Kickback Penalties for Discounting Managed Care Arangements. | 313(b)(1)(D) | Merely incidental budget impact. |
| Sec. 8132 | Clarificaton of Level of Intent Required for Imposition of Sanctions | 313(b)(1)(D) | Merely incidental budget impact. |
| Sec. 8151 | State Health Care Fraud Control Units | 313(b)(1)(A) | No budget impact. |
| Sec. 8201 | Repeal of Physician Ownership Referral Prohibitions Based on Compensation Arrangements. | 313(b)(1)(D) | Merely incidental budget impact. |
| Sec. 8416 | Medical Review Process | 313(b)(1)(A) | No budget impact. |
| Sec. 8417 | Report by Medicare Payment | 313(b)(1)(A) | No budget impact. |
| Sec. 1839(e)(1)(C)(ii) of the Social Security Act as added in Section 8511 of this bill. | Lock Box Provision | 313(b)(1)(A) | No budget impact. |
| Sec. 1839(h)(6)(A) of the Social Security Act as added in Section 8512 of this bill. | Lock-Box Provision | 313(b)(1)(A) | No budget impact. |
| Sec. 1894(g) of the Social Security Act as added in Section 8601 of this bill. | Report by Medicare Payment Commission | 313(b)(1)(A) | No budget impact. |
| Title X—Veterans Affairs | | | |
| Subtitle B. Sec. 10021—Exemption for former POWs: | | | |
| (a)(3)(C) | Exempts former POWs from paying prescription copays | 313(b)(1)(A) | This provision will not generate changes in revenues or outlays. If anything, it would decrease revenue to the Government. |
| Title XI—Ways and Means—Finance | | | |
| Retirement savings incentives: | | | |
| Section 11018(d) | SIMPLE savings plans. Part (d) exempts plans from ERISA standards. | 313(b)(1)(a) | No budgetary impact. |
| Health care provisions: | | | |
| Section 11053 | Preemption of state insurance regulation | 313(b)(1)(d) | Merely incidental. Not a necessary term or condition. |
| Expiring provisions: | | | |
| Section 11141 | Extension of ethanol blender refunds | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |

EXTRANEOUS PROVISIONS, RECONCILIATION 1995—Continued

| Subtitle and section | Subject | Budget Act violation | Explanation |
|---|---|---|---|
| Section 11131(b) | Extension of hazardous superfund taxes. Part b directs the revenues to the general fund after August 1, 1996. | 313(b)(1)(a) | No budgetary impact. |
| Exempt and charitable organizations: | | | |
| Section 11217 | Exclusion from unrelated business taxable income certain sponsorship payments. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11278 | Treatment of certain dues paid to agricultural organizations | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Corporate and other reforms: | | | |
| Section 11380 | Clarification that newspaper distributors are independent contractors. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Pension simplification provisions: | | | |
| Section 11442 | Modification of additional participation requirements | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11464 | Treatment of leased employees | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11451 | Plans covering self employed individuals | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11453 | Distributions under rural cooperative plans | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11454 | Treatment of government plans under Section 415 | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11456 | Contributions on behalf of disabled employees | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11460 | Modifications to Section 403(b) | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11461 | Modify notice required of right to qualified joint and survivor annuity. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Partnership simplification provisions: | | | |
| Section 11472 | Returns required on magnetic media for partnerships with 100 partners. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Other tax simplification provisions: | | | |
| Section 11506 | Subchapter S—Allow interim closing of the books | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11552 | Regulated Investment Companies—allow traders to adopt mark-to-market accounting for securities. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11561 | Tax Exempt Bond Provision—Repeal of debt service-based limitation of investment in certain non-purpose investments. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11582 | Modifications to FICA tip credit | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11583 | Conform due date for first quarter estimated tax by private foundations. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Estate, gift, and trust tax provisions: | | | |
| Section 11602 | Distributions during first 65 days of taxable year of estate | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11603 | Separate share rules available to estates | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11604 | Executor of estate and beneficiaries treated as related persons for disallowance of losses. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11605 | Limitation on taxable year of estates | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11611 | Clarification of waiver of certain rights of recovery | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11613 | Clarification of qualified terminable interest rules | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11614 | Transitional rule under section 2056A | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11615 | Opportunity to correct certain failures under section 2032A | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11619 | Treatment under qualified domestic trusts rules of forms of ownership which are not trusts. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11631 | Taxable termination not to include direct skips | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Excise tax simplification provisions | | | |
| Distilled spirits, wines and beer: | | | |
| Section 11641 | Credit or refund for imported bottled distilled spirits returned to distilled spirits plant. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11652 | Fermented material from any may be received at a distilled spirits plant. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11643 | Refund of tax on wine returned to bond not limited to unmerchantable wine. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11644 | Beer may be withdrawn free of tax for destruction | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Section 11645 | Transfer to brewery of beer imported in bulk without payment of tax. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Other excise tax provisions: | | | |
| Section 11661 | Other Excise Tax Provision—clarify present law for retail truck excise tax. | 313(b)(1)(d) | Merely incidental. Joint Tax scores negligible revenue effect. |
| Title XII—Teaching Hospitals, GME, Asset Sales, Welfare and Other | | | |
| The following sections refer to amendments to the Social Security Act as added by Section 12101 of the bill: | | | |
| ''402(c)(1)'' | Condition of Grant | 313(b)(1)(A) | Extraneous; no budgetary impact. Five-year limit on assistance. |
| ''403(c)'' | Authority to Use Portion of Grant for Other Purposes | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''405'' | Fed. Loans for State Welfare Programs | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''406(c)(3)'' | Limit on Vocational Ed Activities Counted as Work | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''407(a)(5)'' | No assistance for teenage parents who do not attend high school or equivalent program. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''407(a)(6)'' | No assistance for teenage parents no living in adult-supervised setting. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''408(a)(7)(C)(i)-(ii)'' | Scoring of State Performance | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''412(d)'' | Annual Ranking of States and Review of Most and Least Successful Work Programs. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''412(e)'' | Annual Ranking of States and Review of Issues Relating to Out-of-wedlock births. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 12102 | Report on Data Processing | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| The following sections amend Title IV of the Social Security Act in Section 12302 of the bill: | | | |
| ''457(a)(4)'' | Study and Report | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| ''436'' | Data Collection, Reporting | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 12802(a) | Authorization of Appropriations | 313(b)(1)(A) | Extraneous; no budgetary impact. Authorizes discretionary spending. |
| 12804(2): | | | |
| (D) | Consumer Education Information | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| (E) | Compliance with State Licensing Requirements | 313(b)(1)(A) | Extraneous; no budgetary impact. This section deletes all health and safety standards from current law |
| 12907(e)(3) | Provision of Data to Family or Group Day Care Home Sponsoring Organizations. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 12907(l) | Study of Impact of Amendments on Program Participation and Family Day Care Licensing. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 12908 | Pilot Projects | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 12926(b) | NET Authorization of Appropriations | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13011 | Definition of Certification Period | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13012 | Definition of Coupon | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13017 | State Option for Eligibility | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13026 | Caretaker Exemption | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13027 | Employment and Training | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13040 | Condition Precedent for Approval of Retail Food Stores and Wholesale Food Concerns. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13041 | Authority to Establish Authorization Periods | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13042 | Information for Verifying Eligibility for Authorization | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13043 | Waiting Period for Stores That Fail to Meet Authorization Criteria | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13944 | Expedited Coupon Service | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13045 | Withdrawing Fair Hearing Requests | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13049 | Authority to Suspend Stores Violating Program Requirements Pending Administrative and Judicial Review. | 313(b)(1)(A) | Extraneous; no budgetary impact. |
| 13052 | Authorization of Pilot Projects | 313(b)(1)(A) | Extraneous; no budgetary impact. |

Mr. SIMPSON. Mr. President, I did not want to speak directly to previous remarks made by my colleague from Nebraska, Senator BOB KERREY. I want to highlight them because of the very constructive things that he has said—even, unfortunately, in opposition.

Unlike Senator KERREY, I am very willing and eager to vote for the balanced budget plan before us as it currently stands. This plan represents the result of months of work and negotiation. It is not necessarily the plan that I would have designed working alone, but we do not have the luxury of working alone. This is the plan before us that has the support of a majority of both Houses of Congress, it's an honest plan, it will do the job, and it is right now our only realistic hope of getting the job done, and reducing the debt burden that is being piled high on the backs of our kids.

I do want the Senate to mark what Senator KERREY has said, because as always, he diagnoses accurately much of what ails us, in the fiscal sense. And I am fully sympathetic with many of the choices he would make to bring our fiscal house back into order. That is why I am pleased to work with him on drafting legislation that will help save our country from insolvency in the long run. He and I see eye to eye on this.

I do fervently wish that it were possible to make all the reforms suggested by Senator KERREY in the context of this budget plan. But the existing rules do not work in our favor. For example, the Byrd rule forbids any changes in Social Security, even good and necessary ones. I fully agree with Senator KERREY that a five-tenths-of-1-percent correction in the CPI is necessary and appropriate. to my mind, it is a ''no brainer''—a simple ''technical correction.'' It makes no sense to perpetuate an error which we all know exists. The Senator from Nebraska is so absolutely right about that.

But my attempts to include the CPI correction were frustrated by the fact that it would affect Social Security, and thus violate the Byrd rule. I do not like it, I think we should change it, but that's the way it is. We should, in my view, change the rules to permit such reforms in the future. But for now, we have to work within the rules as they are.

Similarly, we ought to address the problem of population aging. We ought to make further shifts upward in eligibility ages for Social Security and Medicare, and for all programs which give benefits to the elderly. But under our current rules, long-term reforms that only produce savings outside the 7-year ''budget window'' are considered extraneous. I do not like it, I think it's wrong, but those are the limitations in the current budget process.

I mention these things not so simply express disappointment and to ''howl into the wind'' in the manner of King Lear, but to point out to my colleagues that this is something we can and should change—in the future. Senator KERREY and I have a bill to require 30-year budgeting, estimates of the 30-year effects of legislative changes. In my view, we have to be able to plan further down the road when we are dealing with retirement programs, ''safety-net'' rules that might affect how people plan for their own time in retirement. In order to be fair, changes must be announced well in advance. The fact that we only deal with the short-term truly handicaps us as we attempt to make policy that is fair and reasoned.

I do hope my colleagues will listen closely to Senator KERREY and to me as we discuss the need for ''30-year budgeting.'' Because, the rules under which we operate very much determine the results. I believe that this budget is perhaps the best attainable given the existing budgetary rules. But I also believe that we must consider changing the rules to force us to look further down the road—and to examine Social Security solvency, and to stop fooling our countrymen and women.

This budget before us is hardly ''harsh'' or ''severe.'' This is a sparrow belch in a typhoon. If we cannot get this done, we will never do anything.

Mr. MURKOWSKI. Mr. President, this is an historic day. For the first time in 26 years, the American public will witness the adoption of the first real balanced budget.

And we are going to pass this legislation despite the fact that the President of the United States has done nothing, I repeat, nothing, to make this task bipartisan. In fact, he has fanned the flames of fear-mongering simply to gain what he sees as a political advantage.

Just look at his actions and the actions of his Secretary of Treasury in the past 10 days. He indicated that he would not sign a continuing resolution to reopen the Government because it would have committed him to balancing the budget in 7 years.

And Treasury Secretary Rubin last week spooked the global markets by scaring investors into believing that the United States was facing an imminent default on our debt. There was no default; in fact there was no chance of a default, and Secretary Rubin knew that.

Yet he deceived the American people into believing default would happen if the Republicans did not accept the President's demand that we not go forward with our 7-year balanced budget plan. His actions are reprehensible.

Emboldened by polls that show many Americans blame Republicans for the Government shutdown, the President would rather maximize political advantage than exercise fiscal leadership. The President mimics leadership by standing up to the Republicans and refusing to seek a balanced budget in 7 years.

That is not leadership.

In fact, it is quite the opposite.

When viewed through the lens of history, the President's behavior will be viewed for what it is.

A waffle.

A retreat.

A repudiation of the promise of a balanced budget.

What we are offering the President is the first serious effort in two and a half decades to put our fiscal house in order.

And the President is slamming the door in our face.

It is that simple.

We are on a pathway to reduce the growth in Federal spending by a trillion dollars—to accomplish what the American people asked us to do.

We are doing it without smoke and mirrors.

We are doing it with the CBO budget estimates that the President himself asked that we use.

We are delivering on a promise made to voters. The President promised a balanced budget in 5 years; but that's just one of so many campaign promises the President abandoned when he walked in the White House.

But in keeping our promise, we are attacking the cancer of cynicism that undermines the confidence that Americans have in their leadership, and their Government.

We are so close to achieving our objectives.

Sadly, the President would rather be an instrument of the status quo than a positive force for change.

The President would rather flame the fears of older Americans with frightening tales of impending woe than lead us along the path to fiscal sanity for the sake of our children.

In what I believe is a political miscalculation, the President is deluded by a short term poll that will mean nothing when we are held accountable to the people for the end result of our efforts today.

Most Americans do not believe we will keep our promise and balance the budget in 7 years.

The President apparently wants to prove them right and thus deepen the cynicism that embitters Americans toward their government.

And that, Mr. President, endangers far more than our fiscal stability.

Mr. President, ever since the Republicans unveiled their balanced budget legislative plan during this Spring, the President has been out campaigning against the plan, instilling fear into our most fragile citizens—the elderly.

Over and over and over again, there's one message the President has been drumming into the American people. And that message is that we are cutting Medicare.

Mr. President, nothing could be further from the truth. And I think it's time for the President to stop his demagogic language about Medicare.

Over the next 7 years Medicare spending will increase from $178 billion to $294 billion—a 65-percent increase, Mr. President. That is NOT a cut.

Put another way, spending for each beneficiary will increase from $4,800 this year to $7,100 in 2002.

Mr. President, let members end the scare tactics on Medicare. Let us face the fact that if we do nothing, if we maintain this endless borrowing spree, we will bankrupt our children and grandchildren and ensure that Medicare will go broke in 7 years.

I call upon my colleagues and the President.

Let us surprise America today.

Let us prove that we can balance the budget in 7 years, save Medicare, and begin to lift this crippling debt from the shoulders of our children and grandchildren.

Ms. MIKULSKI. Mr. President, Tonight we are choosing between two paths for our country. We are defining what kind of country we want to be, and how we are going to meet the challenges of the 21st century.

The bill before us offers one type of choice. This bill offers us a future where we say: No to opportunity in the United States of America. No to economic security for our seniors. No to educational opportunities for young people. No to an opportunity structure for working families.

Mr. President, I reject that choice. I want a future where we give help to those who practice self help. I want a future in which senior citizens can have economic security and peace of mind in their retirement years. I want a future where young people can get an education that leads to a job and real economic opportunity. I want a future where we give a helping hand to working Americans who are doing their best to provide for their families.

Let me tell you why I oppose this bill. Yes, I support a balanced budget. But to achieve that we have to put politics and partisanship aside, and work together to find what I will call the sensible center. And this bill does not allow for that.

This legislation attacks economic security for senior citizens through cuts in their health care. We need to make Medicare solvent. But this bill would cut Medicare by $270 billion over the next 7 years. Only $90 billion is needed to preserve the solvency of the Medicare system.

What are the rest of the cuts for? They are to pay for tax breaks for the wealthiest of Americans. I reject that.

I say let us do what we need to do to make Medicare solvent. But let us put tax cuts on hold for a year. We have made so many reductions in federal programs this year. Let us take the time to evaluate the impact of those changes. Let us see where we are in 1 year. Then we can take a look at whether we can afford to provide tax cuts. And if in a year we do decide we can provide tax cuts, let's provide them for America's working families. Not for the truly wealthy.

I oppose this legislation because it denies educational opportunity to young people and an opportunity structure to working families. I believe we must keep the doors of opportunity open—not slam them shut.

Education is the key to a better life. The federal student loan program has opened the door of opportunity to millions of Americans. Education must be a national priority. It is with me. Unfortunately, it is not a priority in this legislation. Under this legislation, the student loan program will be cut by $5 billion. This is unacceptable to me.

I oppose this legislation because it increases taxes on working families. By cutting the Earned Income Tax Credit, the bill denies help to those who practice self help. It seems to me that if we are serious about moving people from public assistance to private employment, the first step is to make work pay. The EITC makes work pay. It ensures that work is more beneficial for a family than welfare. I will not support this bills cuts in the EITC program, which amounts to tax increases for working families.

Mr. President, make no mistake. We must balance the budget. But we must do it based on principles that preserve economic security for senior citizens, that provide opportunity for young people, and that ensure opportunity for working families.

I cannot and will not support any legislation that abandons these principles. Therefore, I will vote against this legislation.

Mr. COHEN. Mr. President, the moral imperative for balancing the budget is to stop Congress from passing on a mountain of debt to future generations. Thomas Jefferson reminded us that a generation that spends money while taxing another ''squanders futurity on a massive scale.''

Persistent budget deficits reduce the pool of savings necessary for critical investments in new research, plants and equipment. Virtually every economist agrees that without these investments, standards of living cannot rise. Our collective sin has been the amoral indifference with which we have demanded that our children pay for our extravagances, while robbing them of their ability to provide for their own subsistence. This is tantamount to fiscal child abuse, a crime for which there has been no punishment and, perversely, one for which politicians have long been rewarded.

Our constituents, in 1994, urged us to stop the pain. Republicans proposed to do precisely that. Despite the defeat earlier this year of a constitutional amendment that would have mandated a balanced budget, my Republican colleagues have passed the first plan in 26 years that produces bottom line equilibrium within a seven-year time frame.

I take no issue with the need for deep spending reductions, but I am skeptical that we can achieve our goal while cutting taxes simultaneously. It strikes me that this approach rivals driving with one foot on the gas pedal while the other is on the brake.

The Federal Government currently expends far more money than it collects, so that a tax cut can be paid for only by borrowing additional money. Paying for tax cuts with borrowed money is contradictory and self-defeating.

Balancing the budget is itself an effective tax cut. Interest on the national debt costs the average household over $800 a year. Balancing the budget more quickly and forgoing a tax cut paid for with borrowed money would ease the burden of these hidden taxes. Balancing the budget more quickly would also lower interest costs for mortgages and student loans—saving families thousands of dollars.

I cannot support this conference report because, like the budget plan considered by the Senate on October 27, it proposes to borrow $245 billion to pay for a tax cut that we cannot now afford. I strongly support balancing the budget in seven years and realize that this cannot be achieved without undertaking some difficult spending cuts. It is my hope that Congress and the President can work together on a bipartisan balanced budget plan.

Mr. SIMON. Mr. President, when nearly 500 college and university presidents speak on an issue, Congress should stop and listen. Yesterday, 472 presidents contacted President Clinton and the congressional leadership to urge that competition be maintained in the student loan programs. We should listen.

Colleges should be able to choose whether to participate in the direct student loan program or the guarantee program. The bill we are considering this evening does the opposite, forcing 1250 colleges out of the direct loan program, and preventing hundreds of others who want in from getting in.

As my colleagues will see from the list of presidents signing the letter, free choice is not only the desire of colleges in the direct loan program, but many in the guarantee program as well.

It is unfortunate that this issue has become so partisan that some of my colleagues have turned against principles of competition, market forces, and the elimination of red tape, and turned toward granting monopolies and entitlements for bankers and middlemen—at the expense of students, colleges, and taxpayers.

The letter from the college and university presidents speaks for itself, and I ask unanimous consent that it be printed in the RECORD.

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

(See exhibit 1.)

Mr. SIMON. Mr. President, I would also like to respond to a statement made earlier by my colleague from Kansas, who chairs the Labor and Human Resources Committee. She made the statement that the bill we are considering today makes income-contingent repayment available to all students.

My colleague is mistaken. The bill gives this option to banks, not to students. Section 4003(d) of the bill states clearly that this option is offered ''at the discretion of the lender.'' In fact, few banks are likely to use this discretion because of the difficulty of confirming borrowers' incomes accurately. They also will no longer face the competition from direct lending, which has caused lenders to be more flexible in offering repayment options to borrowers. The reconciliation bill not only eliminates schools from direct lending, it also also places several new obstacles in the way of these borrowers who, under current law, can get into direct lending in order to get access to income-contingent repayment.

For these reasons, it is likely that fewer borrowers will have access to this important repayment option, rather than more borrowers.

Mr. President, for these and many other reasons, I urge my colleagues to oppose the conference report.

EXHIBIT 1

AMERICAN COUNCIL ON EDUCATION,
*Washington, DC, November 16, 1995.*

Hon. WILLIAM JEFFERSON CLINTON,
*President of the United States, The White House, Washington, DC.*

DEAR MR. PRESIDENT: In the coming weeks, you and the Congress will decide the fate of one of the most innovative federal student aid programs: the Federal Direct Student Loan Program. We are very concerned about efforts in Congress to limit direct lending, which currently provides about 40 percent of all student loans. We oppose any provision that would arbitrarily limit the ability of schools to participate in direct lending, as we would oppose any effort to force schools into direct lending against their wishes. We ask that in your deliberations with the Congress about the future of federal student loans, you retain institutional choice with regard to the participation of colleges and universities in either the direct student loan or the guaranteed student loan (Federal Family Educational Loan) program.

We write as presidents and chancellors of colleges and universities that are currently participating, or plan to participate, in direct lending, as well as those that intend to continue their participation in the guaranteed student loan program. Maintaining the availability of both direct and guaranteed loans is a sound policy that should be preserved, because schools' ability to join either of the two programs has improved the student loan process for all students and schools, regardless of whether or not they participate in direct lending.

Those of us who represent colleges and universities already in direct lending can attest to the improvements it has brought about for our institutions. We can report first-hand on the benefits of direct lending for our students: the simplicity of application, the speed of delivery of funds, the disappearance of lines of students waiting to endorse their checks at registration time, the precipitous drop in the number of emergency loans issued to students waiting to hear about their loans from banks and guarantors, and fewer visits to financial aid offices. Students often borrow less under direct lending because they know they can adjust their loan amounts without repeating the entire application process, and therefore only borrow what they believe they need, not the maximum for which they are eligible. Students will also reap the benefits of the income-contingent repayment option, which is only possible through direct leading. At the institutional level, direct lending has eliminated redundant paperwork, reduced staff time allocated to dealing with thousands of lenders and dozens of guarantors and other intermediaries, and vastly improved our overall aid delivery processes because it seamlessly integrates with other federal aid programs.

Those of us who represent institutions that are satisfied with the guaranteed student loan program also support the continued availability of the direct loan program to institutions. The competition created by direct lending has induced banks and guarantors to improve the efficiency of their delivery process, and has, for the first time, provided the student loan industry with market-based incentives to provide better service. The guaranteed student loan system has improved more since the phase-in of direct lending two years ago than it did over the more than two decades of its existence prior to 1993. These improvements were brought about by the fact that schools can now select the student loan program that provides them with the best service. Capping or otherwise limiting the direct loan program would undermine the market-based incentives that have so dramatically improved the guaranteed student loan system. The student loan system needs more competition, not less.

The current direct lending legislation was enacted as a bipartisan compromise a mere two years ago. Some 1,400 schools, relying in good faith upon what was presented to them as a major federal initiative, have invested substantial institutional resources to implement a program that they believed would better meet the needs of their students. These same schools, and several hundred others that have been planning to join the program in its third year, now confront the prospect of massive disruptions to their financial aid operations and their institutional planning. If direct lending is capped, many of these schools would be required to commit new institutional resources to pay for yet another overhaul of their loan delivery system.

Schools now have the option of participating in direct lending or the guaranteed student loan program based on their assessment of which program works best for their students. This has provided a strong incentive to both the Department of Education and to the student loan industry to improve the quality of their service to borrowers and schools. This is precisely the outcome that the bipartisan architects of current direct lending law intended in reforming the student loan system two years ago. We urge you to allow the forces of competition to continue to determine what percentage of the student loan market each program captures by retaining the current direct lending law.

Sincerely,

Submitted on behalf of the following colleges and universities:

ALABAMA

Alabama Agricultural & Mechanical University, Virginia A. Caples, Interim President.

Alabama State University, William H. Harris, President.

Auburn University, William V. Muse, President.

Auburn University at Montgomery, Guin Nance, President.

Jacksonville State University, Harold J. McGee, President.

Jefferson State Community College, Judy M. Merritt, President.

Stillman College, Cordell Wynn, President.

Tuskegee University, Benjamin Payton, President.

University of North Alabama, Robert L. Potts, President.

Wallace Community College-Selma, Julius R. Brown, President.

ARIZONA

Arizona State University, Lattie F. Coor, President.

Chandler Gilbert Community College Center, Margaret P. Hogan, Acting President.

Devry Institute of Technology-Phoenix, James A. Dugan, President.

Paradise Valley Community College, Raul Cardenas, President.

ARKANSAS

Hendrix College, Ann H. Die, President.

Philander Smith College, Myer L. Titus, President.

Red River Technical College, Johnny Rapert, President.

University of Central Arkansas, Winfred L. Thompson, President.

Williams Baptist College, Jerol Swaim, President.

CALIFORNIA

California Academy of Merchandising, Art, & Design, Gary D. Kerber, President.

California State Polytechnic University, Pomona, Bob H. Suzuki, President.

California State University, Bakersfield, Tomas A. Arciniega, President.

California State University, Chico, Manuel A. Esteban, President.

California State University, Fresno, John D. Welty, President.

California State University, Fullerton, Milton A. Gordon, President.

California State University, Sacramento, Donald Gerth, President.

California State University, Stanislaus, Marvalene Hughes, President.

Coast Community College District, William M. Vega, Chancellor.

College of Alamenda, George Herring, President.

Contra Costa College, D. Candy Rose, President.

Cypress College, Christine Johnson, President.

Fresno City College, Brice W. Harris, President.

Fullerton College, Vera M. Martinez, President.

Los Angeles City College, Jose Robledo, President.

Los Angeles Mission College, William E. Norlund, President.

Merced College, E. Jan Moser, Superintendent and President.

Napa Valley College, Diane E. Carey, Superintendent and President.

National University, Jerry C. Lee, President.

Pasadena City College, Jack Scott, President.

San Diego City College, Larry J. Brown, Acting President.

San Francisco State University, Robert Corrigan, President.

Santa Barbara City College, Peter MacDougall, President.

Santa Clara University, Rev. Paul Locatelli, S.J., President.

Sonoma State University, Ruben Arminana, President.

Southwestern College, Joseph M. Conte, Superintendent and President.

University of California, Berkeley, Chang-Lin Tien, Chancellor.

University of California, Davis, Larry N. Vanderhoef, Chancellor.

University of California, Irvine, Laurel L. Wilkening, Chancellor.

University of California, Los Angeles, Winston C. Body, Vice Chancellor.

University of California, Riverside, Raymond L. Orbach, Chancellor.

University of California, San Francisco, Joseph B. Martin, Chancellor.
University of California, Santa Barbara, Henry T. Yang, Chancellor.
University of California, Santa Cruz, Karl S. Pister, Chancellor.
University of San Francisco, Rev. John Schlegel, S.J., President.
West Hills Community College, Frank P. Gornick, President.
West Los Angeles College, Evelyn Wong, President.

COLORADO

Colorado State University, Albert C. Yates, President.
Community College of Denver, Byron McClenney, President.
Iliff School of Theology, Donald E. Messer, President.
Regis University, Rev. Michael J. Sheeran, S.J., President.
University of Colorado at Boulder, Roderic B. Park, Chancellor.

CONNECTICUT

Central Connecticut State University, Merle W. Harris, Interim President.
Western Connecticut State University, James R. Roach, President.

DELAWARE

Delaware State University, William B. DeLauder, President.
Delaware Technical & Community College System, Orlando George, Jr., President.
University of Delaware, David Roselle, President.

DISTRICT OF COLUMBIA

American University, Benjamin Ladner, President.
Catholic University of America, Brother Patrick Ellis, FSC, President.
University of The District of Columbia, Tilden Lemelle, President.

FLORIDA

Barry University, Sister Jeanne O'Laughlin, O.P., President.
Bethune-Cookman College, Oswald P. Bronson, Sr., President.
Central Florida Community College, William Campion, President.
Edward Waters College, Jesse Burns, President.
Keiser College of Technology, Arthur Keiser, President.
Palm Beach Atlantic College, Paul Corts, President.
Rollins College, Rita Bornstein, President.
Santa Fe Community College, Lawrence Tyree, President.
Southern College, Daniel F. Moore, President.
University of Florida, John V. Lombardi, President.
University of South Florida, Betty Castor, President.
University of West Florida, Morris L. Marx, President.

GEORGIA

Atlanta Christian College, R. Edwin Groover, President.
Bauder College, Gary Kerber, President.
Clark Atlanta University, Thomas W. Cole, Jr., President.
DeKalb College, Jacquelyn M. Belcher, President.
Devry Institute of Technology, Ronald Bush, President.
Fort Valley State College, Oscar L. Prater, President.
Georgia College, Edwin Speir, President.
Georgia Southern University, Nicholas Henry, President.
Interdenominational Technological Center, James Costen, President.
Mercer University Main, R. Kirby Godsey, President.
Morris Brown College, Samuel D. Jolly, Jr., President.
Savannah State College, John T. Wolfe, Jr., President.
Southern College of Technology, Stephen R. Cheshier, President.
Spelman College, Johnnetta B. Cole, President.
Valdosta State College, Hugh C. Bailey, President.
Wesleyan College, Robert Ackerman, President.

HAWAII

University of Hawaii at Hilo, Kenneth L. Perrin, Chancellor.
University of Hawaii Kauai Community College, David Iha, Provost.

IDAHO

Boise State University, Charles P. Ruch, President.
College of Southern Idaho, Gerald R. Meyerhoeffer, President.
University of Idaho, Thomas O. Bell, Interim President.

ILLINOIS

Bradley University, John R. Brazil, President.
College of St. Francis, James Doppke, President.
Columbia College, John B. Duff, President.
DeVry Institute of Technology-Chicago, E. Arthur Stunard, President.
DeVry Institute of Technology-Addison, Jerry R. Dill, President.
Eastern Illinois University, David Jorns, President.
Greenville College, Robert E. Smith, President.
Highland Community College, Ruth Mercedes Smith, President.
Illinois Central College, Thomas K. Thomas, President.
Illinois Valley Community College, Alfred Wisgoski, President.
Lincoln College, Jack D. Nutt, President.
Loyola University Chicago, Rev. John J. Piderit, S.J., President.
Morrison Institute of Technology, Richard C. Parkinson, President.
Northwestern Business College, Lawrence Schumacher, President.
Parkland College, Zelma M. Harris, President.
Southern Illinois University, Ted Sanders, Chancellor.
Southern Illinois University at Edwardsville, Nancy Belck, President.
St Joseph College of Nursing, Virginia Keck, President.
University of Chicago, Hugo F. Sonnenschein, President.
University of Illinois, James J. Stukel, President.
University of Illinois at Springfield, Naomi B. Lynn, Chancellor.
University of Illinois at Chicago, David C. Broski, interim Chancellor.
Wilbur Wright College, Raymond Le Fevour, President.
William Rainey Harper College, Paul N. Thompson, President.

INDIANA

Ball State University, John E. Worthen, President.
Commonwealth Business College, Steven C. Smith, President.
Earlham College, Richard J. Wood, President.
Goshen College, Victor Stolozfus, President.
Indiana University at Bloomington, Kenneth R.R. Gros Louis, Vice President and Chancellor.
Indiana University at South Bend, Lester C. Lamon, Acting Chancellor.
Indiana University System, Myles Brand, President.
Manchester College, Parker G. Marden, President.
Rose-Hulman Institute of Technology, Samuel F. Hulbert, President.
Saint Francis College, Sister M. Elise Kriss, OSF, President.
Saint Meinrad College, Rev. Eugene Hensell, O.S.B., President-Rector.
Valparaiso University, Alan Harre, President.

IOWA

Graceland College, William Higdon, President.
Iowa State University, Martin C. Jischke, President.
Luther College, David J. Roslien, Interim President.
Marshalltown Community College, William M. Simpson, Dean of the Dean.
Mount Mercy College, Thomas Feld, President.
North Iowa Area Community College, David L. Buettner, President.
Northeast Iowa Community College, Don Roby, President.
University of Iowa, Peter Nathan, Acting President.
University of Northern Iowa, Robert D. Koob, President.

KANSAS

Cloud County Community College, James D. Ihrig, President.
Highland Community College, Elizabeth E. Stevens, President.
Kansas Wesleyan University, Marshall P. Stanton, President.
McPherson College, Paul W. Hoffman, President.
Southwestern College, Carl Martin, President.
University of Kansas, Edward Meyen, Executive Vice Chancellor.

KENTUCKY

Kentucky State University, Mary L. Smith, President.
Morehead State University, Ronald Eaglin, President.
Sullivan College, A.R. Sullivan, President.
University of Kentucky, Charles Wethington, Jr., President.
Western Kentucky University, Thomas Meredith, President.

LOUISIANA

Elaine P. Nunez Community College, Carol S. Hopson, President.
Southern University and A & M College, Marvin Yates, Chancellor.
Xavier University of Louisiana, Norma C. Francis, President.

MAINE

Bates College, Donald W. Harward, President.
Colby College, William Cotter, President.
Thomas College, George R. Spann, President.
University of Maine System, Robert L. Woodbury, Chancellor.
University of Maine Presque Isle, W. Michael Easton, President.
University of Southern Maine, Richard L. Pattenaude, President.

MARYLAND

Bowie State University, Nathaniel Pollard Jr., President.
Coppin State College, Calvin Burnett, President.
Frostburg State College, Catherine R. Gira, President.
Garrett Community College, Stephen Herman, President.
Hood College, Shirley, D. Peterson, President.
Johns Hopkins University, Daniel Nathans, President.
Loyola College in Maryland, Rev. Harold Ridley, S.J., President.

Salisbury State College, William Bellavance, President.
Towson State University, Hoke L. Smith, President.
University of Maryland System, Don Langenberg, Chancellor.
University of Maryland Eastern Shore, William P. Hytche, President.
University of Maryland University College, T. Benjamin Massey, President.

MASSACHUSETTS

Amherst College, Tom Gerety, President.
Berklee College of Music, Lee Eliot Berk, President.
Boston University, John R. Silber, President.
Brandeis University, Jehuda Reinharz, President.
Bridgewater State College, Adrian Tinsley, President.
College of the Holy Cross, Rev. Gerard Reedy, S.J., President.
Emerson College, Jacqueline Liebergott, President.
Fitchburg State College, Michael Riccards, President.
Franklin Institute of Boston, Richard D'Onofrio, President.
Harvard University, Neil, Rudenstine, President.
Holyoke Community College, David M. Bartley, President.
Massachusetts College of Art, William O'Neil, President.
Massachusetts Institute of Technology, Charles M. Vest, President.
Massachusetts Maritime Academy, Peter M. Mitchell, President.
Mount Ida College, Bryan Carlson, President.
Mt. Holyoke College, Peter Berek, President.
New England College of Optometry, Larry R. Clausen, President.
North Adams State College, Thomas Aceto, President.
Quinsigamond Community College, Sandra L. Kurtinitis, President.
Smith College, Ruth J. Simmons, President.
Stonehill College, Rev. Bartley MacPhaidin, C.S.C., President.
Tufts University, John DiBiaggio, President.
University of Massachusetts Lowell, William T. Hogan, Chancellor.
University of Massachusetts System, Sherry H. Penny, President.
Westfield State College, Ronald L. Applbaum, President.
Wheaton College, Dale Rogers Marshall, President.
Williams College, Harry C. Payne, President.

MICHIGAN

Alma College, Alan Stone, President.
Alpena Community College, Donald L. Newport, President.
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Baker College of Jackson, Jack Bunce, President.
Baker College of Mount Clemens, Rodolfo Morales, Jr., President.
Baker College of Muskegon, Rick E. Amidon, President.
Baker College of Owosso, Denise A. Bannon, President.
Baker College of Port Huron, Donald Torline, President.
Baker College System, Edward Kurtz, President.
Calvin College, Gaylen J. Byker, President.
Central Michigan University, Leonard Plachta, President.
Ferris State University, William A. Sederburg, President.
Grand Valley State University, Arend D. Lubbers, President.
Henry Ford Community College, Andrew A. Mazzara, President.
Hope College, John H. Jacobson, President.
Kalamazoo College, Lawrence D. Bryan, President.
Kellogg Community College, Paul R. Ohm, President.
Lake Superior State University, Robert Arbuckle, President.
Lansing Community College, Abel B. Sykes, President.
Lawrence Institute of Technology, Charles M. Chambers, President.
Michigan State University, M. Peter McPherson, President.
Michigan Technological University, Curtis J. Tompkins, President.
Northen Michigan University, William E. Vandament, President.
Oakland University, Gary D. Russi, Interim President.
University of Michigan-Ann Arbor, James Duderstadt, President.
University of Michigan-Dearborn, James C. Renick, Chancellor.
University of Michigan-Flint, Charles Nelms, Chancellor.
Wayne State University, David Adamany, President.
Western Michigan University, Diether H. Haenicke, President.

MINNESOTA

Bemidji State University, James Bensen, President.
Gustavus Adolphus College, Axel D. Steuer, President.
Hamline University, Larry G. Osnes, President.
Minnesota State Colleges and Universities System, Judith S. Eaton, Chancellor.
Rasmussen College-St. Cloud, Kathleen Rau Szczech, President.
University of Minnesota-Crookston, Donald Sargeant, Chancellor.
University of Minnesota-Duluth, Kathryn A. Martin, Chancellor.
University of Minnesota-Twin Cities, Nils Hasselmo, President.

MISSISSIPPI

Alcorn State University, Clinton Bristow, Jr., President.
Delta State University, Kent Wyatt, President.
Mary Homes College, Sammie Potts, President.
Mississippi University for Women, Clyda S. Rent, President.
Mississippi Valley State University, William W. Sutton, President.
Tougaloo College, Joe A. Lee, President.

MISSOURI

Central Missouri State University, Ed Elliott, President.
Culver-Stockton College, Edwin B. Strong, Jr., President.
Deaconess College of Nursing, Elizabeth Krekorian, President.
Lincoln University, Wendell G. Rayburn, Sr., President.
Maryville University of Saint Louis, Keith Lovin, President.
Missouri Southern State College, Julio Leon, President.
Northwest Missouri State University, Dean L. Hubbard, President.
Rockhurst College, Rev. Thomas J. Savage, S.J., President.
Saint Louis University, Rev. Lawrence Biondi, S.J., President.
St. Louis Community College, Gwendolyn W. Stephenson, President.
University of Missouri-Columbia, Charles Kiesler, Chancellor.
Vatterott College, John C. Vatterott, President.
William Jewell College, W. Christian Sizemore, President.

MONTANA

Carroll College, Matthew J. Quinn, President.
Montana State University, Michael Malone, President.
University of Montana, George A. Dennison, President.

NEBRASKA

Chadron State College, Samuel H. Rankin, President.
Dana College, Myrvin F. Christopherson, President.
Midland Lutheran College, Carl Hansen, President.
University of Nebraska-Lincoln, Joan R. Leitzel, Interim Chancellor.

NEVADA

University of Nevada Las Vegas, Carol C. Harter, President.

NEW HAMPSHIRE

Daniel Webster College, Hannah McCarthy, President.
McIntosh College, Robert DeColfmacker, President.

NEW JERSEY

Berkeley College of Business Garret Mount, Kevin L. Luing, President.
Burlington County College, Robert C. Messina, Jr., President.
Camden County College, Phyllis Della Vecchia, President.
Jersey City State College, Carlos Hernandez, President.
Monmouth University, Rebecca Stafford, President.
New Jersey Institute of Technology, Saul Fenster, President.
Ramapo College of New Jersey, Robert Scott, President.
Richard Stockton College of New Jersey, Vera King Farris, President.
Rowan College of New Jersey, Herman D. James, President.
Rutgers, State University of New Jersey, Francis Lawrence, President.
Saint Peter's College, Rev. James N. Loughran, S.J., President.
Seton Hall University, Rev. Thomas R. Peterson, O.P., Chancellor.
Trenton State College, Harold W. Eickhoff, President.
William Paterson College of New Jersey, Arnold Speert, President.

NEW MEXICO

New Mexico Junior College, Charles D. Hays, President.
University of New Mexico, Richard Peck, President.

NEW YORK

Bank Street College of Education, Augusta Kappner, President.
Berkeley College, Rose Mary Healy, President.
Berkeley College of New York City, Robert J. Hurd, President.
Clarkson University, Dennis G. Brown, President.
College of New Rochelle, Sister Dorothy Ann Kelly, O.S.U., President.
Cornell University, Hunter R. Rawlings III, President.
City University of New York, W. Ann Reynolds, Chancellor.
CUNY Borough of Manhattan Community College, Antonio Perez, President.
CUNY Brooklyn College, Vernon Lattin, President.
CUNY City College, Yolanda T. Moses, President.

CUNY College of Staten Island, Marlene Springer, President.
CUNY Graduate School & University Center, Frances Degen Horowitz, President.
CUNY Herbert H. Lehman College, Ricardo Fernandez, President.
CUNY Medgar Evers College, Edison Jackson, President.
CUNY New York City Technical College, Charles W. Merideth, President.
CUNY Queens College, Allen Lee Sessoms, President.
CUNY York College, Thomas K. Minter, President.
Dowling College, Victor P. Meskill, President.
Fordham University, Rev. Joseph A. O'Hare, S.J., President.
LeMoyne College, Rev. Robert A. Mitchell, S.J., President.
Long Island University, David Steinberg, President.
Marymount College, Sister Brigid Driscoll, R.S.H.M., President.
New York College of Podiatric Medicine, Louis L. Levine, President.
Onondaga Community College, Bruce H. Leslie, President.
Pace University New York Campus, Patricia O' Donnell Ewers, President.
Pace University Pleasantville-Briarcliff Campus, Patricia O'Donnell Ewers, President.
Rensselaer Polytechnic Institute, R. Byron Pipes, President.
Roberts Wesleyan College, William C. Crothers, President.
Rochester Institute of Technology, Albert J. Simone, President.
Schenectady County Community College, Gabriel Basil, President.
St. Lawrence University, Patti McGill Peterson, President.
SUNY at Binghamton, Lois B. DeFleur, President.
SUNY at Buffalo, William R. Greiner, President.
SUNY College at Brockport, John Van de Wetering, President.
SUNY College at Cortland, Judson H. Taylor, President.
SUNY College at Plattsburgh, Horace Judson, President.
SUNY College at Potsdam, William C. Merwin, President.
SUNY College of Agriculture & Technology at Morrisville, Frederick W. Woodward, President.
SUNY College of Technology at Canton, Joseph L. Kennedy, President.
SUNY Herkimer County Community College, Ronald F. Williams, President.
SUNY Hudson Valley Community College, Joseph Balmer, President.
SUNY Institute of Technology At Utica Rome, Peter J. Cayan, President.
SUNY Institute of Technology At Delhi, Mary Ellen Duncan, President.
SUNY Monroe Community College, Peter A. Spina, President.
Teachers College, Columbia University, Arthur Levine, President.
University of Rochester, Thomas H. Jackson, President.

NORTH CAROLINA

Applachian State University, Francis T. Borkowski, Chancellor.
Belmont Abbey College, Robert A. Preston, President.
Fayetteville State University, Donna J. Benson, Interim Chancellor.
Elizabeth City State University, M.L. Burnim, Interim Chancellor.
Livingstone College, Roy D. Hudson, Interim President.
North Carolina Agricultural & Technical State University, Edward Fort, Chancellor.
North Carolina School of The Arts, Alexander Ewing, Chancellor.
Saint Augustine's College, Bernard W. Franklin, President.
University of North Carolina at Asheville, Patsy B. Reed, Chancellor.
University of North Carolina Charlotte, James H. Woodward, Chancellor.
Western Carolina University, John W. Bardo, Chancellor.
Winston-Salem State University, Gerald McCants, Interim Chancellor.

OHIO

Ashland University, G. William Benz, President.
Bowling Green State University, Sidney A. Ribeau, President.
Case Western Reserve University, Agnar Pytte, President.
Cleveland Institute of Music, David Cerone, President.
College of Wooster, R. Stanton Hales, President.
Cuyahoga Community College, Jerry Sue Thornton, President.
Denison University, Michelle Myers, President.
Devry Institute of Technology, Galen H. Graham, Acting President.
Hiram College, G. Benjamin Oliver, President.
Kent State University, Carol Cartwright, President.
Miami University, Paul G. Risser, President.
Ohio University, Robert Glidden, President.
Ohio Wesleyan University, Thomas B. Courtice, President.
Southeastern Business College, Robert Shirey, President.
Southern State Community College, Lawrence N. Dukes, President.
University of Findlay, Kenneth E. Zirkle, President.
University of Rio Grande, Barry M. Dorsey, President.
University of Toledo, Frank E. Horton, President.
Xavier University of Ohio, Rev. James E. Hoff, S.J., President.

OKLAHOMA

Langston University, Ernest L. Holloway, President.
Oklahoma State University, Harry Birdwell, Vice President, Business & External Relations.
St. Gregory's College, Frank Pfaff, President.

OREGON

Eastern Oregon State College, David Gilbert, President.
George Fox College, Edward Stevens, President.
Portland Community College, Daniel F. Moriarty, President.
Southern Oregon State College, Stephen J. Reno, President.
University of Oregon, Dave Frohnmayer, President.
Western Oregon State College, Betty J. Youngblood, President.

PENNSYLVANIA

Beaver College, Bette E. Landman, President.
Carnegie Mellon University, Robert Mehrabian, President.
Cheyney University of Pennslyvania, Donald L. Mullen, President.
CHI Institute, Joseph F. Colyar, President.
Franklin and Marshall College, Richard Kneedler, President.
ICM School of Business, Gary Kerber, President.
Lebanon Valley College, John Synodinos, President.
Lehigh Carbon Community College, James R. Davis, President.
Lincoln University, Niara Sudarkasa, President.
Northampton Community College, Robert Kopecek, President.
Philadelphia College of Pharmacy & Science, Philip Gerbino, President.
Robert Morris College, Edward A. Nicholson, President.

PUERTO RICO

Inter American University of Puerto Rico, Jose R. Gonzalez, President.
Pontifical Catholic University of Puerto Rico, Rev. Tosello Giangiacomo, C.S.Sp., President.
University of Puerto Rico Humacao, Roberto Marrero-Corletto, Chancellor.
University of Puerto Rico System, Norman Maldonado, President.
University of The Sacred Heart, Jose Jaime Rivera, President.

RHODE ISLAND

Brown University, Vartan Gregorian, President.
Community College of Rhode Island, Edward J. Liston, President.
Rhode Island School of Design, Roger Mandle, President.
University of Rhode Island, Bob Roth, Special Assistant to the President.

SOUTH CAROLINA

Benedict College, David H. Swinton, President.
Claflin College, Henry Tisdale, President.
College of Charleston, Alexander M. Sanders, Jr., President.
Greenville Technical College, Thomas E. Barton, President.
Morris College, Luns C. Richardson, President.
South Carolina State University, Leroy Davis, Interim President.
The Citadel, Claudius Watts, President.
Trident Technical College, Mary Thornley, President.
Winthrop University, Anthony J. DiGiorgio, President.

SOUTH DAKOTA

National College, Jerry L. Gallentine, President.

TENNESSEE

Crichton College, Larry R. Brooks, President.
Fisk University, Henry Ponder, President.
LeMoyne-Owen College, Earl Vinson, Senior Vice President.
Middle Tennessee State University, James Walker, President.
Motlow State Community College, A. Frank Glass, President.
Tennessee State University, James A. Hefner, President.
Tennessee Technological University, Angelo A. Volpe, President.
The University of Tennessee at Chattanooga, Frederick W. Obear, Chancellor.

TEXAS

Austin College, Oscar Page, President.
Brookhaven College, Walter G. Bumphus, President.
Del Mar College, Terry L. Dicianna, President.
Devry Institute of Technology, Francis V. Cannon, President.
East Texas State University, Jerry P. Morris, President.
Houston Baptist University, E.D. Hodo, President.
Palo Alto College, Joel E. Vela, President.
Prairie View A & M University, Charles Hines, President.
Richland College, Stephen K. Mittelstet, President.
Southwest Texas State University, Jerome H. Supple, President.

Tarrant County Junior College District, C. A. Roberson, Chancellor.
University of North Texas, Alfred F. Hurley, Chancellor.
University of North Texas Health Science Center, Alfred F. Hurley, Chancellor.
University of Texas at Dallas, Franklyn G. Jenifer, President.

VERMONT

Castleton State College, Martha K. Farmer, President.
Community College of Vermont, Barbara Murphy, Interim President.
Johnson State College, Robert Hahn, President.
Lyndon State College, Peggy Williams, President.
Middlebury College, John M. McCardell, Jr., President.
University of Vermont, Thomas P. Salmon, President.
Vermont State College System, Charles I. Bunting, Chancellor.
Vermont Technical College, Robert Clarke, President.

VIRGINIA

Central Virginia Community College, Belle S. Wheelan, President.
Hampton University, William R. Harvey, President.
Hollins College, Jane Margaret O'Brien, President.
Norfolk State University, Harrison B. Wilson, President.
Northern Virginia Community College, Richard Ernst, President.
Old Dominion University, Jo Ann Gora, Acting President.
Virginia Commonwealth University, Eugene P. Trani, President.
Virginia State University, Eddie N. Moore, President.
Wytheville Community College, William Snyder, President.

WASHINGTON

Central Washington University, Ivory V. Nelson, President.
City University, Michael Pastore, President.
Spokane Community College, James H. Williams, President.
University of Washington, Richard L. McCormick, President.
Washington State University, Samuel H. Smith, President.
Western Washington University, Karen W. Morse, President.

WEST VIRGINIA

Alderson Broaddus College, Stephen E. Markwood, President.
Bluefield State College, Robert E. Moore, President.
Fairmont State College, Robert J. Dillman, President.
Marshall University, J. Wade Gilley, President.
State College System of West Virginia, Clifford M. Trump, Chancellor.
West Liberty State College, Donald C. Darnton, Interim President.
West Virginia State College, Hazo W. Carter, Jr., President.
West Virginia University, David C. Hardesty, Jr., President.
Wheeling Jesuit College, Rev. Thomas Acker, S.J., President.

WISCONSIN

Lakeland College, David Black, President.
Lawrence University, Richard Warch, President.
Marquette University, Rev. Albert DiUlio, S.J., President.
Northland College, Robert Rue Parsonage, President.
Ripon College, Paul B. Ranslow, President.
St. Norbert College, Thomas A. Manion, President.
University of Wisconsin System, Katharine Lyall, President.
University of Wisconsin-Eau Claire, Larry Schnack, Chancellor.
University of Wisconsin-La Crosse, Judith L, Kuipers, Chancellor.
University of Wisconsin-Milwaukee, John H. Schroeder, Chancellor.
University of Wisconsin-Stout, Charles W. Sorenson, Chancellor.
University of Wisconsin-Superior, Jan G. Womack, Chancellor.

Mr. PRESSLER. Mr. President, the Balanced Budget Act of 1995 extends the FCC's auction authority for the first time to any situation in which the FCC must choose between mutually exclusive applications—including applications for broadcast facilities. For this reason, Mr. President, I want to take just a moment to explain the actions and intentions of the Committee on Commerce, Science, and Transportation. I want all my colleagues to understand the auction authority extends only to mutually exclusive applications for new facilities not already pending at the FCC.

Applications for renewal, modification, or upgrade of existing facilities are not covered under this provision. Similarly, the committee does not intend—in cases in which an application has already been accepted by the FCC—that auctions be used to resolve that proceeding. I understand that, as the result of a court decision, the FCC has not technically accepted certain applications.

The committee's intention is that if any application in a proceeding has been accepted, the proceeding will be resolved under the provisions of existing law.

Mr. LAUTENBERG. Mr. President, when the roll is called on this budget reconciliation conference report, I will be voting yes. But not for this bill.

Instead, I will be voting yes for our seniors—yes for our students—and yes for the middle class.

And I will be voting no on the conference report.

I will be voting no on massive Medicare cuts to finance tax breaks for the wealthy.

I will be voting no on huge tax breaks for the rich and the special interests.

I will be voting no on devastating cuts in nursing home care for seniors and the disabled.

I will be voting no on increased taxes for working people.

I will be voting no on ending the safety net for children.

I will be voting no on the basic thrust of this legislation—that we must balance the budget on the backs of working families and senior citizens, while handing out billions in tax breaks for the rich and powerful.

This bill represents the extremes of the Republican membership.

Mr. President, when you get right down to it, this bill forces all of us to answer a simple question: ''Whose side are you on?''

Are you on the side of middle-class Americans? Are you on the side of our senior citizens, of middle-class families struggling to send their children to college, and of lower income working families?

Or are you on the side of the wealthy and the special interests?

The Republican reconciliation bill is paydirt for the rich and the special interests and senior citizens and working class families get stuck footing the bills.

This is an outrage—and we Democrats are going to fight it as a basic matter of principle.

We saw what happened with the continuing resolution when the public caught on to the scheme. Under the spotlight, the Republicans blinked, they retreated, they ran. They wanted to escape the public wrath and quickly abandoned their deep principles for political cover.

This bill makes the biggest cuts in the history of Medicare.

And the Republicans build their case around a false premise.

They argue that in order to save Medicare, we must destroy its fundamental mission. This is simply not true.

And they ought to be honest with the American people about the two major Republican falsehoods.

The first false statement that the Republicans make is that we need $270 billion to save Medicare. This is simply untrue.

The Republicans are using this $270 billion to finance their $245 billion in tax breaks for the rich folk.

It is no coincidence that the Medicare cuts are $270 billion and the tax breaks for the wealthy total $245 billion.

These figures are remarkably similar because one is being used to finance the other. They are taking from our senior citizens who paid the bills, signed the contract, and weathered the storms. And they're giving it back to the wealthy and the special interests.

The second Republican falsehood is that we need to cut $270 billion to make Medicare solvent. Not true. The chief HHS Medicare actuary has stated that we only need $89 billion in savings to make Medicare solvent until the end of 2006.

Mr. President, let me just give you some examples of what kind of tax breaks these Medicare cuts are paying for:

Under this bill, approximately 2,000 large corporations will get a tax break of $2 million each because of changes in the alternative minimum tax. This is outrageous.

In addition, this bill contains hundreds of millions of dollars in giveaways to oil companies.

Finally, the capital gains tax cut included in this bill is a tax break for the super rich. Anyone can claim this tax break. Even millionaires and billionaires can get this tax break.

Mr. President, I tried to draw a line on the tax breaks and put the money

back into Medicare and Medicaid. I offered an amendment to the reconciliation bill that would have precluded the tax breaks from going to those who make over $1 million per year. That's the top one-tenth of one percent of all taxpayers.

I thought this amendment would pass unanimously. I thought that we all could agree that millionaires and billionaires do not need a tax break when we are cutting Medicare—especially when 75 percent of all Medicare recipients earn under $25,000 per year.

But no—52 of the 53 Republican Senators voted against my amendment. In essence, they voted to cut Medicare to provide tax breaks for millionaires and billionaires.

Mr. President, Medicare is not just a health insurance program. Medicare is a commitment that we have made to our citizens. It is a promise—for those who work hard their entire lives—that your medical needs will be taken care of when you retire.

But this Republican budget uses the Medicare Program as a slush fund for the tax breaks for the wealthy.

I urge my colleagues to say no to Medicare cuts to pay for tax breaks for the rich.

Let's reject the Republican budget reconciliation bill—let's start over.

We can put together a compromise bill that moves toward a balanced budget but does not destroy our Medicare Program. But this is not such a bill.

Unfortunately, this is a bill that sticks it to ordinary Americans, and lavishes huge breaks for the rich and the special interests. I think that's wrong.

I say: It's time, for once, to put the middle class first and defeat this bill.

I yield the floor.

Mrs. HUTCHISON. Mr. President, for the information of the Senate, I would like to discuss with the chairman of the Committee on Energy and Natural Resources, Mr. MURKOWSKI, the provisions of the Budget Reconciliation Conference Report that relate to the sale of oil from the Weeks Island Strategic Petroleum Reserve storage facility. This facility is located in Louisiana.

I say to Chairman MURKOWSKI, a provision of the conference report requires the sale by the Department of Energy of oil from the Weeks Island facility. It is my understanding that the Weeks Island facility has suffered irreparable damage from one and perhaps two fractures, and that oil within this facility is in danger of leaking into Louisiana's underground aquifer. It is also my understanding that as a result of these fractures, the oil contained in Weeks Islands must be removed and the facility decomissioned. Is that correct?

Mr. MURKOWSKI. Mr. President, the Senator from Texas is correct. The leaks she refers to require the oil contained in the Weeks Island facility to be removed, and the facility to be decommissioned. There is no choice, and the Department of Energy already has that process underway. It is only with the greatest hesitancy that we are requiring the sale of any oil from the Strategic Petroleum Reserve. As the Senator from Texas knows, the Strategic Petroleum Reserve is essential for the protection of our energy security in the event of oil supply interruption, such as the ones we suffered through in 1973 and 1979. That is why the conference report contains provisions which provide funding for the replacement of this oil in the Strategic Petroleum Reserve.

Mrs. HUTCHISON. I thank the Chairman for that response. I would also like to know if the conference report contains any language to assure domestic oil producers, particularly independents located in the State of Texas, that the sale of this oil will not be done by the Department of Energy in such a manner as to disrupt the oil market or to adversely affect oil prices?

Mr. MURKOWSKI. Mr. President, the answer to the Senator's question is yes. When the oil is sold from the Weeks Island facility, which is located in Louisiana, the Department of Energy is directed to so do in a manner that does not disrupt the marketplace or have any noticeable impact on prices. Perhaps the best thing to do is to quote from the statutory language contained in conference report: ''The Secretary shall, to the greatest extent practical, sell oil from the reserve in a manner that minimizes the impact of such sales upon supply levels and market forces.''.

Mrs. HUTCHISON. Mr. President, I thank Senator MURKOWSKI.

Mr. WARNER. Mr. President, I have been listening with a great deal of interest to the speakers on both sides of the aisle as the Balanced Budget Act of 1995 has been discussed. Although the President has indicated that he will veto this conference report when he receives it, I am proud to support this document which follows through on our commitment to balance the Nation's budget by the year 2002, protect Social Security, and save Medicare from threatened bankruptcy. America has not had a balanced budget in over a quarter century.

While we are apparently debating a bill that has no future, there will be successor after successor with the same basic goals until we win. Yes, this will get a veto from the President, but at the same time, it will signal the beginning of a final dialog with the administration on a final Balanced Budget Act of 1995.

America's financial markets have reflected the approval of the Republican efforts during the past week. The phone calls and fax messages from my constituents statewide have overwhelmingly supported the position taken by Republicans and reflected in this package. As I indicated when the Senate considered this bill, this is not just a budget for another year. This is not a package of routine legislative changes. This is a historic commitment to America that deficit spending is about to come to an end, no later than the year 2002, and it has been brought about during the first year of the Republican majority in the Congress.

The net result of a balanced budget will be lower interest rates for years to come, and as many as 6 million new jobs. The reforms in this bill will give the States more control over critical entitlement programs. I strongly support these initiatives which will let the States decide how best to serve their own citizens. What is best for my State of Virginia is not necessarily the same as what is best for another State, and this balanced budget act will move power and money out of Washington, back to State governments and local communities where it belongs.

When this balanced budget act is finally signed into law, and it will be, we will have identified the path, but each year we will have to make spending decisions that will keep us on the road that is being defined here today. If emergencies occur, we will have to offset their costs with spending reductions. Those budget decisions will be as difficult in the year 2000 as they are this year, but this conference report is a commitment by the Republicans, and eventually, by the entire Congress, that we will stay the course.

This is a momentous vote, and I urge my colleagues to roll up your sleeves, get ready for hard work, and pass this balanced budget act. The Republican train is here, and it is time to get aboard for a trip to fiscal responsibility. We have made the commitment to America and we will carry through on it.

NURSING HOME STANDARDS

Mr. COHEN. Mr. President, I rise to comment on the need to strengthen our commitment to strong nursing home standards in the budget reconciliation bill before us. The conference report on the budget bill has come a long way toward restoring current Federal nursing home standards and strong Federal and State enforcement of protections for nursing home residents. It represents a considerable improvement over the House bill that retreated from Federal standards and enforcement and reflects much of the Senate position on nursing home standards, but we are not there yet.

Many patient advocacy groups and colleagues from the other side of the aisle have come forward to assail the nursing home provisions included in this bill, but I would ask them to pause for a moment to recognize that significant headway we have made in the debate over Federal nursing home standards. The debate is no longer over the need for national standards and Federal oversight of nursing homes, but over what national standards are necessary to be maintained. I remain cautious of several of the changes made in conference agreement which could undermine the improvements nursing home residents and their families have witnessed since the enactment of the

OBRA 87 regulations, but I recognize the substantial progress that has been made.

Specifically, I am concerned about provisions of the bill allowing nursing homes to be accredited by private sector organizations as a way of meeting State certification requirements. In the past, private accreditation has been perceived as a loophole for facilities to avoid oversight, In order for accreditation to be acceptable, we must be sure that the Federal and State governments retain full authority to monitor facilities and that standards and residents' rights are not compromised.

I also have reservations about several changes that have been made to current law. For example the bill eliminates current regulations that restrict a nursing home from placing extra requirements on Medicaid patients as a condition of admission, such as denying a Medicaid bed unless a gift, payment, or donation is given to the facility. Without the current admission policy limitations, patients and their family members will no longer be protected against discrimination based on source of payment and duration of stay contracts.

It also removes the requirement that facilities provide care and services to allow each resident to attain or maintain his or her highest practicable level of physical mental, and psychosocial functioning. While this standard may sound a bit abstract, it was a key phrase negotiated in the OBRA 87 requirements to encourage nursing facilities to provide the best possible to nursing home residents.

It reduces the frequency of required inspections of nursing homes from every year to every 2 years unless the facility has been found to have substandard care; eliminates the requirement for comprehensive training for State and Federal surveyors; removes requirement that resident assessments be conducted using a national uniform data set in order to monitor patient outcomes and consistency in patient care; relaxes protections against unfair transfers and discharge of nursing home residents; reduces some minimum training and staffing requirements for nursing homes—including elimination of 75 hours of training for nurse aides and the requirement that facilities with more than 120 beds employ a qualified social worker.

Also, it reduces the frequency of mandated Federal validation surveys on 5 per cent every year to 5 per cent every 3 years; removes requirement directing surveyors to reduce the time between identification of standards violations and the final imposition of remedies; eliminates language calling for incrementally more severe fines for repeated or uncorrected deficiencies; reduces maximum civil monetary penalty imposed on nursing homes that are out of compliance from $10,000 to $5,000; and eliminates language requiring retroactive civil monetary penalties for past noncompliance.

The conference agreement on nursing home protections has come a long way toward restoring the goal of full protections for millions of nursing home residents nationwide, but certain critical issues remain unresolved. I will continue to evaluate the changes proposed by the conferees and will work with the leadership and consumer groups to guarantee adequate protection for elderly and disabled nursing home residents.

Mr. THURMOND. Mr. President, I rise today in support of the Balanced Budget Act of 1995, which, for the first time in many years, proposes a budget that controls entitlement spending, restrains the growth of Government, and eliminates annual deficits.

For years I have made speeches in this great Chamber, and cast my vote in support of a balanced budget. I have introduced balanced budget amendments in numerous sessions of Congress, including the 104th Congress. On July 12, 1982, a balanced budget amendment was brought to the floor. As Chairman of the Judiciary Committee, I was pleased to sponsor and guide that important measure to passage. On August 4, 1982, 69 Senators voted in favor of the resolution. While a majority supported it in the House, if failed to receive the necessary two-thirds vote. In March 1986, the Senate voted on another balanced budget amendment. It was unfortunate that the resolution failed by one vote. Earlier this year, the balanced budget amendment again failed by one vote. However, I am confident that we will yet pass the balanced budget amendment during the 104th Congress.

With or without a constitutional amendment, this balanced budget act proves that the Congress can enact a budget which protects the health and safety of our Nation, provides quality Government services, and eliminates harmful deficits.

This is a refreshing contrast to the unbalanced budgets proposed by the President. His budgets contain no plan to balance the budget, significantly increase the national debt, fail to restrain growth in nondefense Government spending, and propose dangerous reductions in national defense spending. Mr. President, such budgets are not acceptable alternatives.

The Balanced Budget Act of 1996 reverses direction on those policies which are stifling our economy and burdening all Americans with an overwhelming national debt. It puts the Nation on track to reduce Government spending, eliminate annual deficits, and permits us to begin to reduce the national debt, which is now nearly $5 trillion.

First, this bill controls the growth rate of Government spending. Federal spending continues to increase over the 7-year budget period, from $1.5 trillion in 1995 to nearly $1.9 trillion in fiscal year 2002. However, this spending growth is at a slower, more affordable rate, and below the growth rate of Federal revenues. By 2002, revenues will exceed spending.

One would think, listening to this debate, that this budget drastically reduces or eliminates all Federal programs. For example, it has been argued by some that proposed reductions would destroy Medicare and Medicaid. This simply is not the case. Both programs grow at healthy annual rates. Without the proposed reforms, these programs would grow at unsustainable rates, resulting in dangerous consequences, even threatening the solvency of the Medicare part A trust fund.

Second, Mr. President, the balanced budget act reduces and eventually eliminates annual deficits, which is the amount Government outlays exceed Government revenues. Without this bill, annual deficits will continue to increase, exceeding $200 billion per year. By enacting this measure, annual deficits will begin a downward path and will be eliminated within the 7-year budget period. The Congressional Budget Office estimates a surplus by 2002, allowing us to begin reducing the national debt.

The results of this deficit reduction, Mr. President, have been estimated to stimulate economic growth, reduce interest rates, increase employment opportunities, and result in a higher standard of living for all Americans.

Mr. President, in addition to controlling Government spending, this balanced budget act addresses Government revenues. Under this bill, Government revenues will continue to increase. However, in contrast to the 1993 Budget Reconciliation Act which enacted the largest tax increase in history, the balanced budget act will let American families keep more of what they earn.

Let me emphasize, Mr. President, this bill provides tax relief for the middle class. Over four-fifths of the tax reductions of this proposal will go to those making under $100,000; nearly two-thirds go to those making under $75,000. Furthermore, after considering all the reforms of the earned income tax credit, the marriage penalty, and the child tax credit, working families with children will see their taxes decrease next year.

The centerpiece of the revenue provision is the family tax credit, offering a $500 per child tax credit, for children under the age of 18. This credit is phased out for individuals with adjusted gross income over $75,000, or for married couples with an income over $110,000. In my State of South Carolina, this means that over 400,000 tax returns will be eligible to claim this credit, at a value of over $320 million. This is money directly in the hands of parents to spend for their priorities—child care, housing, and education—not sent to Washington to fund its bloated bureaucracy.

Other provisions provide direct relief to America's families, including a $5000 adoption tax credit; marriage penalty

relief; and a credit for student loan interest.

The bill also contains revenue provisions which will increase savings and investment. The expansion of the individual retirement account will permit more Americans to save more money for their retirement years. The capital gains reduction will unlock existing capital assets, allowing capital to be reinvested. This will result in more jobs, higher wages, more benefits, and a more vibrant economy.

Let me address the argument that the capital gains tax cut will go primarily to the rich. A study by the U.S. Treasury showed that nearly one-half of all capital gains were realized by taxpayers with wage and salary income of less than $50,000. Three-fourths of all returns with capital gains in 1995 are estimated to be reported by taxpayers with wage and salary income of $50,000 or less. Mr. President, let me reemphasize this point—capital gains tax relief will benefit all Americans.

Mr. President, there are many other important and favorable provisions in the balanced budget act. The act reforms welfare by emphasizing work and responsibility. It preserves, protects and improves Medicare. It protects veterans' benefits and safeguards affordable education.

Mr. President, I support the Balanced Budget Act of 1995. I vote ''yes'' for reducing the deficit; I vote ''yes'' for controlling the growth of Government spending; I vote ''yes'' for our families by reducing their tax burden; I vote ''yes'' for restoring the economic future of our Nation. Therefore, I will vote ''yes'' for this bill and encourage my colleagues to do likewise. I yield the floor.

Mr. MURKOWSKI. Mr. President. The Committee on Energy and Natural Resources met and exceeded its targets for the conference. I want to express my appreciation to Chairman YOUNG of the House Resources Committee and to Chairman BLILEY of the House Commerce Committee for their cooperation, and the hard work of their staff, that enabled us to conclude our negotiations quickly and in an amicable fashion.

When the President submitted his budget earlier this year, he proposed to sell the Power Marketing Administrations, except for Bonneville, to the present customers at the discounted value of the repayment obligations. That proposal was not particularly well thought out as our hearings in committee demonstrated. Nonetheless, the revenue assumptions underlying that sale became part of the target and instructions given to our committee. While the members of our committee recognize that serious attention needs to be given to the future of the PMA's, especially in light of declining budgets for the agencies that currently manage the generating and marketing of power from Federal facilities, we also are in agreement that responsible solutions are simply not possible within the time frame of Reconciliation. The committee was faced with a Herculean task of finding other options to achieve the savings scored to our committee. The magnitude of the task is best illustrated by a comment from one of the staff on the Budget Committee that if they had known of other options, we would have been scored with them as well.

As I stated, the committee has met and exceeded its instructions. I want to express my appreciation to our ranking Minority Member, Senator JOHNSTON, for his cooperation and the assistance from his staff in helping us. Our committee has always prided itself on its bipartisan professional approach to legislation, and that is demonstrated in our product.

The conference agreement includes the sale of certain lands in California contained in the House measure as well as the sale of the helium reserves contained in both the Senate and the House.

The agreement also contains the leasing authority for the Coastal Plain in Alaska that was contained in both the Senate and House versions and which was a specific assumption in our instructions. The conferees made several minor changes to make the program work more efficiently and resolved uncertainties in allotments due Alaskan natives within the Coastal Plain. I know that some opponents of the program have suggested that the Federal Government will never see the revenues estimated from leasing on the Coastal Plain due to the provision in the Mineral Leasing Act made by the Alaska Statehood Act that provides 90 percent of all revenues to the State. The statement of managers is explicit on this subject. We are not in any manner altering the provisions in the Alaska Statehood Act nor the Mineral Leasing Act. Those provisions continue to apply in Alaska outside the Coastal Plain. When Congress set aside the Coastal Plain, it reserved to itself the decision on whether the area should be opened to leasing or not, and if so, under what terms and conditions.

The decision has been that the area should be leased, but that it should be leased under very specific conditions tailored to the unique characteristics of the Coastal Plain. Suggestions that development will have adverse environmental effects are wrong and the result of either misinformation, misunderstanding, or deliberate mischaracterization. Our committee has spent several years crafting very specific language to ensure that development will occur in an environmentally sensitive manner, and that language is incorporated in the conference agreement. In developing a separate leasing program for the Coastal Plain, the committee decided to adopt a 50–50 revenue sharing formula. The conference language is absolutely clear that the program set forth is the sole authority for the leasing program, not the Mineral Leasing Act.

I will have more to say about this leasing program, but for the moment I simply want to say that I sincerely hope that the President would stop listening to the ideological fanatics that prowl the White House and the Federal agencies and examine the realities of this leasing program. This Nation is once again over 50 percent dependent on foreign oil supplies. That doesn't seem to bother the President, but it should. The President should reexamine his position on this issue. His opposition is wrong from the standpoint of our energy security, it is wrong from the standpoint of the economy, it is wrong from the standpoint of the environment, it is wrong from a budget standpoint, it is wrong from the standpoint of domestic employment, it is wrong from the standpoint of our responsibilities for Native Alaskans—his opposition is simply wrong.

The conference agreement also includes various reclamation and water provisions. The agreement retains the Senate language repealing a prohibition in current law that prevents irrigation districts from prepaying their outstanding debt. The legislation also provides for the transfer of the Collbran Project in Colorado, and Senator CAMPBELL deserves the credit for working out the problems with that provision. The agreement also includes a modification to the Raker Act that would increase the payment by San Francisco for the use of a portion of Yosemite National Park from $30,000 to $2 million. The charge has not been changed in over half a century. The House had set the charge at $8 million while the Senate had adopted a formula used by FERC with a floor of $597,000. The Agreement also includes two provisions of the House version—the transfer of Sly Park and authorization for prepayment of Central Utah Project debt—with minor modifications.

After considerable discussion with the House, we also were able to come to agreement on amendments dealing with Federal oil and gas royalties and hardrock mining. The reforms will increase Federal receipts and provide a fair and workable system that will increase collections from oil and gas operations and completely reform the federal hardrock mining program. I fully understand that the provisions dealing with hardrock mining will not satisfy those whose prime motivation is the elimination of any domestic mining industry, but that was not our objective. The provisions of the Conference Agreement recognize private property rights, provide for fair market value with a reverter for patents, and impose a royalty on future production.

The conference agreement includes the Senate provisions dealing with privatization of Department of the Interior aircraft services, with certain modifications as well as the sale of the Alaska Power Administration, refinancing of the Bonneville Power Administration, export of Alaska oil, and

OCS deepwater royalty relief, all of which were included in the conference agreement on S. 295 which both the Senate and House have approved and the President supports.

After considerable work, the conferees were able to agree on provisions dealing with ski area permits, National Park Service concessions, and recreation fees at areas administered by the National Park Service, Bureau of Land Management, and the Forest Service. We were able to retain the Senate provision that would return 80 percent of all new receipts to the collecting agency for direct use for visitor services and facilities.

The conferees also agreed to the language that markedly improves the climate for the privatization of the U.S. Enrichment Corporation. We also included language providing for the disposal of surplus property by the Department of Energy and for the lease of excess storage capacity within the Strategic Petroleum Reserve. As a result of problems at the Weeks Island site, the reserves need to be drawn down and relocated. The conferees agreed that 32 million barrels of the reserve should be sold, but that 50 percent of the revenues from the lease of excess capacity should be made available for additional purchases to complete the reserve beginning in 2002.

Mr. President, none of this could have been accomplished without long hours and hard work by the professional staff of the committee. I want to express my appreciation to them. Howard Useem worked on the Alaska Power Administration sale and the Bonneville refinancing as well as the Strategic Petroleum Reserve language. Brian Malnak worked on the Interior asset sales, Mike Poling worked on the oil and gas royalty and OCS provisions, and Jim O'Toole worked on the National Park Service fees and concessions language. Jonathan Schneeweiss made major contributions in trying to keep our provisions straight, and I want to especially express my gratitude to the support staff, Camille Heninger, Betty Nevitt, Jo Meuse, Kelly Fischer, Judy Brown, Julia Gustafson, and Gerry Gentry—who really did all the work.

I also want to thank the minority staff who demonstrated the high level of professional commitment that has always characterized our staff. During the last reconciliation measure, they sought to involve us and we tried to be helpful. We are grateful for their assistance this time around. Ben Cooper, Tom Williams, David Brooks, Shirley Neff, Bob Simon and Cliff Sikora all made important contributions. I especially want to thank Sam Fowler for his assistance and ready recourse to humour during tense moments. In addition to his overall responsibilities for the entire package, his work on the U.S. Enrichment Corporation was invaluable.

Although all the staff performed well, some made extraordinary contributions. I want to acknowledge Karen Hunsicker, who shepherded the conference wit the House Commerce committee to an early and successful conclusion, especially on the U.S. Enrichment Corporation and DOE asset sales. David Garman did outstanding work on the US Enrichment Corporation and Andrew Lundquist has labored long and hard on both the Alaska export provisions and the leasing program for the Coastal Plain of the Arctic Refuge. Michael Flannigan made the hardrock mining negotiations as exciting as possible and kept a degree of uncertainty up to the very last moment. Kayci Cook, the Committee's Bevinetto Fellow, demonstrated competence, patience, and professional judgment in working on concessions and park fees.

Finally, I want to express my appreciation to the senior staff of the Committee—Gregg Renkes, our Staff Director, Gary Ellsworth, our Chief Counsel, and Jim Beirne, our Senior Counsel. Not only have they handled individual portions of the package with their usual professional expertise, but they have also had the pleasure of dealing with the Budget Committee, the Congressional Budget Office, the Parliamentarian, Legislative Counsel, and their House counterparts, as well as various Senators and staff. They handled the floor procedures, and made certain that all the members of the committee were covered, and are responsible for the successful completion of the conference.

Mr. CRAIG. Mr. President, yesterday, on his birthday, a young member of my staff went to the dentist for a root canal. He understood that long-term health and comfort was more than worth the short-term discomfort.

Ironically, the same day, I received a fax from a concerned taxpayer who pointed out that a dentist's ''polling numbers'' aren't too good while the cavity is being drilled. But once the cavity is filled, ''the horrible toothache is gone forever—and the patient is grateful.''

For many of us in Congress, for Government employees, for many Idahoans, and for many folks watching us around the Nation, the current budget impasse may be producing a feeling like that of hearing the dentist's drill.

So, it's important for us to remember why we're here, what's at stake here, and why we are fighting so hard to pass a balanced budget.

$200 billion annual deficits, a $5 trillion debt, are more than a toothache—they are a cancer on the economy and threaten the living standards and economic security of every American.

This would be the first balanced budget since 1969 and only the second since 1960. It's sobering to remember that a majority of Americans living today have seen the Government balance its books either once or never.

Back at the beginning of this year, we got 66 of the 67 votes we needed to pass the Balanced Budget Amendment to the Constitution. The critics, the defenders of the status quo cried out, ''Where's your plan?'' Well, at least for those of us on this side of the aisle, here's our plan.

With passage today of the Balanced Budget Act, the first Republican Congress in 40 years is on the verge of passing a detailed plan to balance the Federal budget by the year 2002—for the first time since 1969 and only the second time since 1960. In fact, a majority of all Americans living today have seen the Government balance its books only once or never. However, the President has threatened a veto and the debate has been heated and, often, confusing or misleading. The following information should help folks construct the true picture of the current debate and what's at stake.

Democrats say Republicans in Congress want to slash spending. But total spending under the Balanced Budget Plan will go from $1.5 trillion in 1995 to almost $1.9 trillion in 2002—a 22 percent increase.

Under the status quo, spending would go to $2.1 trillion in 2002—almost a 40 percent increase.

The Democrats say the Republican budget is all pain, no gain. But real people will enjoy real benefits from balancing the budget by 2002 under the Republican plan. Because of lower interest rates, a typical family would save $2,388 a year on a $75,000 mortgage; $1,026 over the life of a 4-year, $15,000 car loan; and $1,891 over the life of a 10-year, $11,000 student loan.

Balancing the budget means more investment, more economic growth, and 2.5 million new jobs by 2002. By 2020, this growth means our children would have a 7 percent to 36 percent higher standard of living.

In contrast: The Concord Coalition estimates that Federal debts and deficits already have lowered the average family's income by $15,000 a year. The President's 1995 budget estimated that future generations face a lifetime tax rate of 82 percent at all levels, under current trends in the public debt. The status quo is the least tolerable course.

President Clinton says he has submitted a balanced budget. Not according to the nonpartisan, objective Congressional Budget Office, which said the ''10-year balanced budget plan'' he offered this summer actually would produce $200 billion deficits a year throughout the next decade. By his own admission, the budget the President first proposed in February would have produced similar $200 billion deficits. In both cases, he used unrealistic economic assumptions.

Democrats say the Congressional budget plan will drastically reduce Medicare protection for the elderly. But, if we do nothing, Medicare will run a deficit in the coming year for the first time ever, and its trust funds will be completely drained of their accumulated reserve by 2002. The official Medicare Trustees—including three of President Clinton's own Cabinet Secretaries—have said so.

The balanced budget plan will extend the financial solvency of Medicare at least until 2009, protecting seniors. Budget savings would come from increasing consumer choice and making the system more efficient. Even after savings, Medicare spending per beneficiary would increase from $4,800 in 1995 to $6,700 in 2002—a 40-percent increase.

Democrats say Republicans want to cut Medicare to pay for tax cuts. But, the same magnitude of reforms are necessary to save and preserve Medicare, no matter what happens with the rest of the budget. The Balanced Budget Act includes a lockbox provision making it illegal to use Medicare funds for other purposes.

Democrats say the Republican plan won't really balance the budget—it will look like it by raiding the Social Security trust funds. But, the balanced budget plan will balance the unified budget (including Social Security surpluses in the total) by 2002. It will balance the budget without counting Social Security by 2005. The Government will remain under a legal obligation to pay out to Social Security beneficiaries every dollar ever deposited into the Social Security trust funds, with interest.

The growing national debt is the real threat to Social Security and every other important Government program. We already are paying $300 billion in interest every year on that debt—about one-fifth of it going to foreigners—which crowds out other budget priorities.

Democrats say the Congressional budget is full of tax cuts for the rich. But, every time someone suggests cutting taxes for everyone, liberal demagogues make it sound like the rich are getting a special deal. It just ain't so in the balanced budget plan.

Almost three-quarters of the tax package in the budget goes for family tax relief, including a $500 per-child credit, adoption credit, marriage penalty relief, a deduction for custodial care for the elderly, and a student loan interest deduction. Savings and investment incentives will boost the entire economy, create jobs, and guarantee that small businesses and family farms won't have to be sold at the owner's death just to pay taxes. Closing corporate loopholes will raise $18 billion in revenues over the next 7 years.

Democrats say the Republican budget raises taxes on lower-income people. This accusation is a misrepresentation about the Earned Income Tax Credit [EITC]. The EITC is the fastest-growing item in the budget. It is part tax credit and part spending program for lower-income workers. In his 1993 budget, President Clinton drastically expanded who's eligible and the amount of benefits.

The Balanced Budget Act would preserve currently-scheduled EITC increases for needy families with children. Coordinating the EITC with the $500 per-child credit will still give EITC families earning more than $18,000 a net tax cut. Other reforms target fraud, which would cost $37 billion over the next 5 years under current law. The only actual benefit reductions would affect childless taxpayers (who, before 1993, were never eligible for the EITC), illegal aliens, tax cheats, and affluent taxpayers (who never should have received EITC benefits).

Democrats say Republicans want to cut benefits to the poor and needy. But Medicaid (health care insurance for the needy) spending in the Balanced Budget Act would go from $89 billion in 1995 to $127 billion in 2002—a 43-percent increase.

Mr. President, here is some rhetoric versus the truth.

Mr. SIMPSON. Mr. President, what an extraordinary and remarkable day. We are all somewhat weary—and, yes, greatly frustrated—from events of the past few days. But we should not let our fatigue—or our frustration from dealing with politicos at the other end of Pennsylvania Avenue—diminish the importance of the moment.

At the close of this debate, we will be privileged to vote on a budget which—get this, for the very first time in my 17 years here—actually balances the budget on a date certain. No more smoke and mirrors! No tricks. No more accept short term expedients now—with the understanding that necessary trimming will follow later. We have finally learned better; finally, we do understand. And, finally, we are actually going to do it! We are going to balance this budget! A good day!

Everyone in this chamber knows my views on the subject of a balanced budget. Everyone knows that I passionately believe that the one way—the only way—to get to a balanced budget is to gain control over this so-called entitlement spending. That's a belief borne of very careful study—study which Senator BOB KERRY and I undertook in service on the Entitlement Reform Commission.

But the view that we must gain control over entitlement spending in order to balance the budget is not merely a belief. At this point, I think all Senators might agree that, as a matter of absolute fact, entitlement spending reform is the only way we can get from here to there. The fact that all now seem to agree on that point—and on the point that we must stop borrowing indefinitely from future generations—shows how far we, and the American people, have come in just a few years. I wish this consensus might have arrived sooner, but I'm surely pleased it is here now.

In light of the relative consensus on the ''big picture,'' and in view of the limited time available for us to debate this historic Balanced Budget Act, I will not talk long on the overarching issues. But I will say this: we are taking an action today which comes closer than anything we could ever do—short of voting on a war resolution—to determining the day-to-day quality of life of future generations of Americans. This is not hyperbole or overstatement. This is not hype or hoorah! Without the action we take today, our grandchildren, and their children, face a future of bankruptcy, hyperinflation, and financial and fiscal chaos. By taking some relatively painless steps today—and, please, let's be honest on this point: the savings we will approve today are relatively painless when you consider the magnitude of the deficit and debt confronting us—we deflect away that otherwise certain, and bleak, future.

The savings measures we will approved today are relatively painless—so much so that it is amazing, and so regrettable, that we have waited so long to act. To illustrate, let me outline for you what the Committee on Veterans Affairs—the Committee I am honored to Chair—has approved. I think you will agree that the route to a balanced budget that the Veterans Committee was able to reach imposes no great hardship on the Nation's veterans.

Title X of the bill—entitled ''Veterans and Related Provisions''—defines what veterans must contribute to help us achieve a balanced budget. The measures we have approved can be viewed in three clusters:

First, we would reenact a number of money saving provisions that have previously been approved in prior Omnibus Budget Reconciliation Acts—

We would continue, for example, to require that *some, but only some,* veterans pay small per diems for hospital and outpatient care, and small added co-payments for prescription medications dispensed for the treatment of non-service-connected disabilities; veterans with profound service-connected disabilities, and low income veterans, would continue to be exempted.

We would continue, with respect to VA-treated veterans who have health insurance, to authorize VA to collect fees from those insurance carriers for non-service-connected treatment.

We would continue to allow VA to ''verify,'' through access to IRS and Social Security records, the incomes of veterans who apply for means-tested VA benefits.

We would continue to limit means-tested VA payments to veterans who are in Medicaid-financed nursing home care while still assuring completely that the real benefit paid to, and retained by, the veteran is not diminished.

We would continue to require that veterans who receive the benefits of VA mortgage loan guarantees pay reasonable fees.

Finally, we would continue to allow VA to take reasonable steps to minimize its losses when the home loans it guarantees go into default.

These provisions, as a group, would allow VA to save $2.799 billion over the next 7 years. 2.799 billion bucks simply from extending the effect of provisions that have previously been enacted.

These provisions, I daresay, would not harm veterans.

I can say, Mr. President, that no veteran would be harmed by these measures based on our experience on the Veterans Committee. For what is left unsaid in the context of continuing previously-approved OBRA provisions is as important as what is said. The OBRA provisions that we would extend today are ones which experience has already shown are relatively painless to the Nation's veterans and which have, therefore, achieved good bipartisan consensus within the Veterans Committee. They are even accepted by the Nations's veterans service organizations—organizations that are not always easily pleased, I would remind! Provisions in prior Budget Reconciliation Acts that were more controversial—for example, a provision setting a ceiling on benefits paid to an incompetent veteran who has no dependents and whose assets exceed $25,000—are not in the package before the Senate today.

Second, this package of veterans-related measures would adopt two new provisions that are relatively non-controversial, but which are highly significant in terms of the savings to be gained.

Title X would reimpose a common sense legal standard for compensation to VA patients who are injured in VA hospitals. What standard would we impose? The very same standard which applies, insofar as we have been able to determine, at *every other* hospital in America. We would require that a patient show that any harm that was visited upon him or her in a VA hospital was the result of VA fault. Recovery would be allowed only if that fault could be shown.

In addition, we would require VA to ''round down'' the compensation and survivors' benefits which are adjusted annually to account for increases in the cost of living. What do I mean by this? Traditionally, when VA recomputed benefits amounts—which are paid in whole dollar amounts—it rounded up when the recomputed benefit equaled a fractional dollar amount of 50 cents or more, and it ''rounded down'' when that amount was 49 cents or less. The bill before the Senate today would require that VA ''round down'' in all cases.

* * * * *

I approved of these provisions—championed by my friend, Senator JAY ROCKEFELLER, the committee's ranking member—when they were before the committee. They were then—and they are now—wholly reasonable mechanisms for saving almost $1 billion over a 7-year period. Indeed, in my view, they are preferable to the alternative measures adopted by the House.

But they simply were not acceptable to the chairman of the House Veterans' Affairs Committee, Congressman BOB STUMP, or to the ranking member of that committee, Congressman G.V. ''SONNY'' MONTGOMERY, for whom the Montgomery GI bill is named. My respect, admiration, and regard for SONNY MONTGOMERY—who will retire after the 104th Congress and who will be deeply missed by all—impelled me to recommend that the Senate conferees recede to the House view on this matter if we could ''make up the difference'' in other ways. We did.

In place of the Montgomery GI bill provisions, the conferees accepted two House-approved provisions which, collectively, will save almost the full necessary $1 billion. First, we would raise the prescription

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Mr. President, those who hear these comments may infer that I am not fully pleased with each and every aspect of the veterans' provisions in this bill. If they infer that, they will be correct. I particularly regret the provision relating to survivors' COLAs—though I do not think it is patently unfair. It is regrettable, but not unfair. As we all know, however, rarely is a given piece of legislation pleasing in all respects.

This legislation is, however, almost without precedent in its importance. And it is not—it is not—unfair to the Nation's veterans, or to their widows, orphans or families. No—veterans, their widows, and their families will benefit, as will all Americans, from deficit control—and from the jobs, low interest rates, low inflation, and future prosperity which hinge on deficit control.

We are doing no less today than trying to save this great country as we know it. We veterans fought for that very cause. I know all veterans will join now—as we all did when we were called to arms—in defense of the Nation, and to assure peace, prosperity, and stability for our children and grandchildren.

Mr. President, I appreciate the time I have been afforded to address these critical issues, and I yield back the balance of my time.

VETERANS' RECONCILIATION: MORE THAN THEIR FAIR SHARE

Mr. ROCKEFELLER. Mr. President, I oppose the provisions of title 10 of the conference report—relating to veterans' programs—because they are a bad deal for veterans. These provisions were crafted behind closed doors. They must be brought out into the light of day so that the public can understand just how bad they are.

First, the overall amount saved is too high. The two Veterans' Affairs chairmen accepted, with no action by either body, an increase of $300 million over the seven years in the overall savings that the Veterans' Affairs Committees generated, from $6.4 billion to $6.7 billion. There is no reason that our Committees should have done this. This increase translates directly into more cuts in veterans' benefits. I regret very much that there was a willingness to make veterans do more than their fair share.

The provisions provide less than a full cost-of-living adjustment to certain widows of veterans who died in service or later from conditions related to their service. This diminished COLA is directly contrary to a promise made by the Congress in 1992 when the survivors benefit program was revised, and should not be agreed to. I oppose it strongly. It is wrongheaded and mean spirited. There were other ways to find the savings required.

The package includes a 100-percent increase in the amount poor veterans are charged for a 30-day supply of prescription drugs, raising the amount to $4 from the current $2. Our Committee avoided increasing this copayment. The House Committee had voted a $1 increase, to $3. The increase in the bill is an even greater increase than originally passed the House. It is being included in this package because of the Chairmen's agreement to accept a higher overall savings target for our Committees than is set forth in the Budget Resolution.

The bill expressly repeals the Secretary's existing authority to waive veterans' indebtedness in connection with receiving prescription drugs. Under current law, the Secretary can waive this and other indebtedness. However, in an action designed to generate even more savings from poor veterans, the waiver authority as to veterans who have received prescription drugs will be repealed. Frankly, I am not at all sure what is intended by this change but if I understand it, the only way to enforce the no-waiver authority will be to refuse to provide prescriptions to veterans who previously received medications but were unable to pay for them. That strikes me as a particularly unfortunate change in law and policy.

The final compromise includes a provision that would repeal a protection in current law for veterans who are found by VA to owe money in connection with a home loan default, even a default that occurs years after the veteran has sold the home to a buyer who then defaults on the loan, a not uncommon event. Under current law, a veteran who is found by VA to owe money in connection with a loan default is protected from having his or her income tax offset or federal pay garnished until VA gets a court decision affirming the indebtedness. The final compromise will include a House-passed provision that substitutes simple notice to the veteran for this protection.

Mr. President, I must note my deep disappointment that the House refused to consider any changes in Montgomery GI bill issues as part of our effort to find the mandated savings. The Senate package achieved savings in two ways from the MGIB—by providing for a one-half COLA over the seven years and by increasing the contribution that servicemembers make who do not opt out of the MGIB. The House's refusal to achieve savings from healthy, employed recruits and students, at the expense of widows of veterans who died

from service-related causes, and of veterans needing prescription drugs, is simply not acceptable to me. I do not understand their priorities.

Finally, Mr. President, as I noted at the outset, this compromise was crafted behind closed doors. I was denied any opportunity to participate in the conference. I asked for a public meeting of the sub-conference on a number of occasions in order to give us the opportunity to discuss the differences between the House and Senate provisions in a public forum. The only response I received was an invitation to a private meeting in Senator SIMPSON's office after the final agreement had been reached. That's just not good enough. The American people deserve better. America's veterans deserve better. We should conduct our business in the open, not behind closed doors. This package was developed with no input whatsoever from Senate Democrats. That is not how our Committee has functioned in the past. I regret that we are now taking that approach.

Mr. President, this package is a bad deal for veterans. It cuts too deeply and in wrong areas. As the Ranking Democrat on the Veterans' Affairs Committee, I see my role as looking out for our Nation's veterans, as making certain that our promises made to those who gave of themselves in our common defense are kept. This package does not do that. That is why I must oppose it.

## CUT TAXES: BALANCE THE BUDGET

Mr. PRESSLER. Mr. President, the American people want and deserve an end to shameless, wasteful spending programs. They want a reduction in taxes for working middle-class families and a balanced budget so we finally live within our means—as people in my home state of South Dakota do every day. I feel passionately that we must give the dream of America back to our children. That is why I support the Balanced Budget Act of 1995.

The working men and women in America are fed up with politics as usual in Washington. They have spoken loudly that they want us to cut wasteful spending, reduce taxes for working middle-class families, and finally balance the budget. The Republicans in Congress have heard this call for change. We, too, are tired of business as usual. That is why we have proposed tax relief for working, middle-class Americans so they can keep more of what they earn, rather than leave it in the hands of Washington bureaucrats.

Recently, an editorial in the Rapid City Journal praised the current Republican tax plan. This editorial is right on target. Mr. President, I ask unanimous consent to place this editorial in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PRESSLER. Why do middle-class, working Americans want us to cut spending and provide tax relief? The reason is obvious. The Federal Government wastes billions of their tax dollars every year on more and more programs that do less and less to meet the needs of average Americans. Working Americans are paying more and more for less and less. Now we have the opportunity to cut taxes and in the process make government more efficient and effective, smaller and smarter. It is time to give the American people what they want—a balanced budget, an end to wasteful spending, and a reduction of taxes for wage-earning, middle-class working families.

EXHIBIT 1

WIDE APPEAL IN TAX BREAKS

THE TAX BREAKS INCLUDED IN CONGRESSIONAL BUDGET PROPOSALS WILL BENEFIT MIDDLE-INCOME AMERICANS MOST

In the great budget debate of 1995, congressional Democrats and President Clinton have continually argued that Republicans are targeting the poor and elderly with spending cuts to pay for tax breaks for the wealthy.

Hmmm. Tax breaks for the wealthy?

There are flaws in this argument.

For one thing, the $500-per-child tax credit under the expected budget compromise would go to families with incomes under about $100,000. That means the wealthiest Americans—those with taxable incomes over $100,000—wouldn't qualify for it. And it means most families that pay taxes would pay lower taxes.

A second tax break included in both the House and Senate budget bills would reduce the top capital gains tax rate from 28 percent to 19.8 percent. Although this tax break would result in wealthy taxpayers paying a lower rate, it could very well mean their total tax bills would be higher. The lower tax rate likely would motivate sales of investment assets that otherwise wouldn't be sold and thus wouldn't generate any tax revenue.

Plus, the increased economic activity that a lower capital gains tax rate would generate would result in increased capital for job-creating small businesses and a healthier economy that produces more tax revenue.

Besides, a cut in the capital gains tax rate doesn't apply only to wealthy individuals. It applies to everyone who increases their taxable income by selling a home or some other investment. In today's economy, that takes in a lot of people. One study showed that in 1990, when the top capital gains tax rate was lowered from 33 percent to its current 28 percent, 70 percent of the tax returns reporting capital gains were from people with taxable incomes below $75,000.

So, while it may be correct that House and Senate budget proposals include some benefit for the wealthy, it's the middle income taxpayers that benefit most.

On the other side of the budget's impact on taxpayers are proposed reductions in the Earned Income Tax Credit, a tax break for workers with low incomes. The House bill proposes decreasing planned EITC spending by $23 billion over the next seven years, while the Senate bill proposes $43 billion.

Some of this reduction is justified. EITC eligibility requirements need to be tightened so people with low taxable incomes but high nontaxable incomes, from sources such as tax-free annuities, don't qualify. And in a program with a high rate of fraud—the Internal Revenue Service estimates up to 40 percent of the tax returns claiming the EITC contain errors or fraudulent claims—the plan to double penalties for fraudulent EITC claims is justified.

But because the EITC program is, in effect, a reward for people who work rather than rely on welfare assistance, the budget proposals should be scaled back so as not to affect the people the EITC is intended to help.

Of course, these changes in tax credits and tax rates would increase the complexity of a federal tax code that is already too complicated. We should really be going in the opposite direction, toward a simpler tax code.

And on the other side of the budget proposals, the decreases in proposed spending, there is room to argue whether the decreases are targeted fairly.

But the tax breaks included in Republican budget proposals aren't as hideous as they've been made out to be.

A lot of hard-working, middle-income Americans would benefit.

## THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995—CONFERENCE REPORT

The PRESIDING OFFICER. The Chair announces that the Senate has received the conference report from the House, and the clerk will now state the report.

The assisted legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

Thereupon, the Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 16, 1995.)

The PRESIDING OFFICER. The Senator from Nebraska.

POINT OF ORDER

Mr. EXON. Mr. President, I raise a point of order that the sections designated on the list that I now send to the desk violate the Byrd rule, sections 313(b)(1)(A) and (D) of the Congressional Budget Act.

The list follows:

EXTRANEOUS PROVISIONS IN H.R. 2491

| Subtitle and section | Subject | Budget act violation | Explanation |
|---|---|---|---|
| Subtitle M Sec. 13301. | Exemption of physician office laboratories. | 313(b)(1)(A) .... | No deficit impact |
| Sec. 1853(f) of the Social Security Act as added by Section 8001 of the bill. | Application of antitrust rule of reason to provider-sponsored organization. | 313(b)(1)(A) ....<br>313(b)(1)(D) .... | No deficit impact<br>Merely incidental |

Mr. ABRAHAM. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the point of order for consideration of the antitrust provisions that have been raised in this point of order.

The PRESIDING OFFICER. Under the Budget Act, there is now debate on the motion. Who yields time? The Senator from New Mexico.

Mr. DOMENICI. On behalf of the majority leader, I ask unanimous consent

that at 8:15, the Senate proceed to a vote on the motion to waive, without any further action or debate, and that the time be equally divided between now and 8:15 between the proponents of the point of order and the proponents of the waiver.

The PRESIDING OFFICER. Is there objection?

Mr. KYL. I object.

Mr. BRADLEY. Reserving the right to object.

The PRESIDING OFFICER. Objection has been heard. Who yields time?

Mr. KYL. If the Senator from New Jersey wishes to speak, I will reserve the right, but I intend to object until Senator HATCH arrives.

The PRESIDING OFFICER. There is an hour for debate. Who yields time?

Mr. EXON. Mr. President, was there an objection?

The PRESIDING OFFICER. The Chair heard an objection from the Senator from Arizona.

Mr. DOMENICI. Mr. President, I would like to assign, from the standpoint of the majority, the privilege of debating the opposition to the point of order to be led by Senator KYL, and he can direct the time to whomever he desires in reference to our time on this side. If he will reserve me a minute or two, I would like to join him in the argument.

Mr. BUMPERS. Parliamentary inquiry.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. He has requested a parliamentary inquiry, which I do not think requires a yielding of time.

Mr. BUMPERS. Parliamentary inquiry. Is this a point of order? Are we going to be voting on a motion to waive the point of order and will that require 60 votes, Mr. President?

The PRESIDING OFFICER. The vote does require 60 votes. Who yields time?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I yield myself 5 minutes off the time that I have under my control, and will the Chair advise me how much time the Senator from Nebraska controls?

The PRESIDING OFFICER. The Senator from Nebraska controls 30 minutes.

Mr. EXON. Mr. President, I have been fascinated and horrified by the press reports about the horse trading that went on to win the support for the Republican budget. I am not speaking about wooing recalcitrant Republicans who strayed from the party line. No, I am looking at some of the sweeteners that were loaded into this bill to keep the medical establishment at bay and to pay the American Medical Association for their support of the Republican budget.

This conference report is groaning with extraneous giveaways to the medical establishment. They do not only violate the Byrd rule, but they violate every sense of decency and fair play. The conference report exempts physicians' offices and laboratories from the Clinical Laboratory and Improvement Act of 1988.

It is clear that this is a violation of the Budget Act. It is extraneous, in addition to being bad policy. Antitrust regulations are turned on their heads in this conference report just to boost physicians' salaries. The conference report exempts certain groups of health care providers from the most basic antitrust violations against price fixing. This is also a violation of the Budget Act and is likely to impair competition and raise costs for non-Medicare health care purchasers.

It is appalling that when our seniors, our poor, our disabled, and our children are being asked to sacrifice basic health care, the Republicans are trying to enlarge special interest giveaways to the Nation's physicians.

The provisions do not belong in this fast-track reconciliation bill and are a violation of the Byrd rule. I urge my colleagues to vote against the motion to waive this well-founded point of order.

Madam President, at this time, I ask for the yeas and nays.

The PRESIDING OFFICER (Mrs. HUTCHISON). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. EXON. Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Madam President, since there are no other Members seeking recognition at this time, I yield 5 minutes of my time to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. BUMPERS. Madam President, it is not unusual when I go home and visit with some of my wealthy friends—and I do have some wealthy friends—they say, ''The only objection I have to you Democrats is you are constantly engaging in class warfare. You are always talking about the wealthy.''

I repudiate that idea, but I would like for my colleagues to look at this chart for just a minute. This is a quote from David Gergen—one of Ronald Reagan's right-hand men when he was President—from an op-ed piece that he wrote in this week's U.S. News and World Report. Without straining your eyes, I will tell you what he said about this bill we are debating tonight. Eighty percent of the tax breaks in this bill go to the wealthiest 20 percent of Americans. Eighty percent of the spending cut burden goes to the poorest 20 percent. Now, you talk about class warfare. There is class warfare. It violates every principle I ever learned as a Methodist Sunday school boy. It violates every principle I have ever held dear, and the very reason I came to the U.S. Senate. Madam President, let me say something about the wealthy people of this country. They do not like this. Seventy percent of the people of this country say they do not want a tax cut until the budget is balanced. Why are we going against what 70 percent of the people say?

Last fall, when people were voting, Madam President, most did not have a clue what was in the Contract With America. And I can assure you they were not voting for this. They were not voting to penalize the poorest 20 percent of the people in America. They were not in favor of depriving a million children in this country of an education. They were not voting to put another million people in poverty, which this bill does. They were not voting to cut school lunches, which is the only decent meal an awful lot of children in this country get. They were not voting to savage Medicare and make the elderly people of this country pay it. They were not voting to savage Medicaid. In my State, Medicaid will be cut 33 percent, Madam President. We will not have a Medicaid program.

The people of America were not voting to slash the Earned Income Tax Credit for people who are trying to work and stay off welfare. What are we doing? We are cutting that $32 billion.

So I remind my colleagues on the other side of the aisle, when the American family gathers around the dinner table in the evening, what do they talk about? What do they say they love? Not the Mercedes in the driveway. Not that posh office downtown or that magnificent farm out back. They love their children. That is who they want us to protect. What are we doing? We are savaging the children of this country. For what? So that the biggest corporations in America get a break. I yield the floor.

Mr. HATCH. Madam President, we are trying to accommodate Members around here. And there is no use kidding, I am very upset about this point of order. This is not going to be the last time we mention it either. But I want to accommodate everybody around here. We ought to have at least a 2-hour debate on the thing because it is not easy to explain, but it is easy to understand. I have to tell you that I think even my colleagues on the other side might understand. But the fact of the matter is that this point of order is wrong. I personally feel very badly about it because what we are doing here is we are allowing the rule of reason in some areas and not allowing it in others. It is very unfair, it does not work right. We are happy to enhance bureaucracy but we are not happy to enhance individuality. I think we can clarify it for anybody in just a few minutes. But we want to accommodate those who want to get out of here and, frankly, I think we can put a lot of what we have to say into the RECORD.

Let me address this point of order against antitrust rules relating to provider-sponsored organizations—PSO's, if you will—and health care groups

that contract with them to provide Medicare services. These provisions would grant antitrust relief to these two different entities by subjecting their conduct to the rule of reason, rather than the per se illegal rule.

Let me be clear about what this language would do. This is not an antitrust exemption. Under the rule of reason, the conduct of the PSO's and their subcontracting health care groups will not be legal if it is designed to fix prices, divide markets, or exclude competitors. Instead, their conduct will be illegal if it is anticompetitive, but if it is competitive, leads to efficiency, and produces lower prices for health care, it will survive antitrust challenge, as it should.

This provision that we are about to strike out of here is one of the few that really saves an awful lot of money in health care and flies in the face of bureaucratizing the process, which I thought we defeated last year. We believe that this reform—which is necessary only because the Department of Justice and the Federal Trade Commission have overzealously enforced the antitrust laws—is central to the savings we anticipate in our Medicare reforms. Right now, because of these enforcement policies, groups of doctors cannot form, decide on a fee schedule, and negotiate with anyone over providing health care services, if this is knocked out. This knocks out of the market a potentially new class of competitors with low overhead and little or no bureaucracy, who can make these other groups bring prices down.

The Congressional Budget Office scored the savings to be generated by the House and Senate Medicare reform bills at between $34.2 billion and $50.4 billion over 7 years.

CBO did not break out how much of this savings was attributable to the creation of health care provider groups that could contract with PSO's, and the importance of the antitrust reform needed to encourage the groups to form. The CBO noted the creation of PSO's in these groups would have an impact on Medicare outlays and that is all that is needed to meet the express language of the Byrd rule.

Further, since this bill is creating two whole new classes of competitors in the Medicare market, and the antitrust provisions are critical to encouraging their formation, it is clear that these provisions are critical to producing the billions of dollars in savings we are counting on for innovation and competition. I do not think that anyone can seriously contend that these provisions have no budgetary impact.

The second argument that one might raise against these provisions is that they are somehow incidental to reconciliation. This aspect of the Byrd rule is designed to prevent the addition of provisions that have nothing to do with the budget. The antitrust provisions clearly satisfy the Byrd rule. The rule has nothing to do with the larger changes in all antitrust law.

In fact, it does not change antitrust law at all, only the administration's enforcement. More importantly, the antitrust provisions are expressly limited only to conduct that is necessary to provide health care services under Medicare contract or plan. It has no application outside of the Medicare context, and any attempt to use information gained in Medicare context beyond the limits of that program—what some people call a leakage or seepage problem—would be illegal. Any conduct occurring in the Medicare context that is just a sham for price fixing or boycotting would still be illegal under the rule of reason.

I suggest that those who would use the BYRD rule to stop these provisions are not concerned, Madam President, about budgetary impact or incidental provisions. Instead, they are interested in suppressing competition in the health care market and reducing Medicare costs.

We should be frank. The status quo helps large hospitals and insurance companies and HMO's. These antitrust provisions that are in this bill that they are trying to rule out of order may cut down on their profit margins by introducing whole new classes of health care providers into the marketplace. New market actors will spur competition efficiency and lower costs.

When we are fighting to find ways to reduce Government costs and the Government's tax burden, why turn away an attractive mechanism to make the markets work better and to reduce the budget?

The fact is per se illegal activity will still be illegal. These entities would have to live within the rule of reason. If they do not and they do not increase competition, increase efficiency, and reduce costs, then they are not going to be able to function, and they should not be.

The fact of the matter is that this point of order is wrong, and I hope that we will vote to waive the point of order.

Mr. EXON. Mr. President, I yield 3 minutes to the Senator from Florida.

Mr. GRAHAM. Thank you, Madam President.

As I read the front cover of the document which has just been presented to us, Balanced Budget Act of 1995, Part 1 of 2—Part 2 apparently has not yet arrived—the question arises, why will I vote against this proposition?

It is not, Madam President, because I am opposed to a balanced budget. I am, in fact, strongly supportive of a balanced budget, and every occasion I have had an opportunity to advance that cause I have done so.

I frankly commend the Republicans for having presented us an alternative which purports to achieve that goal of balanced budget because it will provide a significant point of debate and dialog as to how to achieve that goal.

However, Madam President, I do not feel that this legislation presented tonight will accomplish the objective of balanced budget for two primary reasons. One, just as in foreign policy, I do not believe this Nation can achieve an important long-term domestic policy goal unless that goal is broadly shared, unless there is bipartisan support.

The fact is, there is no bipartisan support for this provision. There has been no attempt to secure bipartisan support. No Democrats were sanctioned into the conferences which led to the production of this legislation. No Democratic ideas were solicited for inclusion.

Second, this will not achieve the goal of a balanced budget over the next 7 years because it is fundamentally unfair and will soon be seen to be unfair by the American people and rejected.

I am going to concentrate my comments on fairness on only one section of this multihundred-page bill, Part 1 of 2, goes to 966 pages. That is the sections that relate to Medicaid.

First, the statement is made that this legislation reduces Medicaid spending by $163 billion over the next 7 years. Madam President, that is not true. In fact, this legislation reduces Medicaid spending by almost $400 billion over the next 7 years.

What is the difference? The difference is because this legislation removes virtually all of the current requirements on States to make a significant contribution towards the health of their poor, their disabled and their frail elderly.

Second, this allows for future manipulation of the Medicaid Program. We worked hard in this Senate to eliminate the abuses that had become so rampant in the disproportionate share hospital program. This legislation allows all those abuses to return. This legislation, in fact, rewards those very States that have been the principal abusers of the disproportionate share program.

Madam President, for those and many other reasons that we will find in these 966 pages, this proposal fails to meet the duel test of bipartisanship and fairness necessary for its sustained achievement of the goal of the balanced budget.

Madam President, we are here debating a bill that nobody has received. Even for those who may have a copy, it would be impossible for them to have possibly read the legislation from cover to cover.

And yet, this is one of the most significant bills to come before the Congress. This is a bill that makes up to $1 trillion in reductions to our Nation's budget—including $256 billion in Medicare reductions and $163.5 billion in Medicaid reductions—over the next 7 years.

I rise today to speak to the best of my knowledge about some of the provisions in this bill. Of course, the ''best of my knowledge'' is limited by the amount of information we have managed to obtain, some of which our office has had to get from lobbyists who always seem to get such materials before the rest of the Congress.

Due to time limitations, I will focus on the massive reductions or $420 billion in Federal cuts that will be made in this bill to our Nation's Medicare and Medicaid programs which are integral parts of our Nation's health infrastructure.

MEDICAID CUTS EVEN HIGHER DUE TO STATE-FEDERAL COMBINATION

The first point that has been neglected about this budget deal are that the real Medicaid reductions are more in the neighborhood of $400 billion over the next 7 years. Part of this figure comes from the $163.5 billion in Federal reductions to Medicaid. However, an often overlooked but just as significant provision is the language in the bill that guts the matching rate requirements of States.

This reduction will have the effect of reducing another $200-plus billion in State funding over the next 7 years to the Medicaid program.

How does this work? At present, States such as New York have to match a Federal Medicaid dollar with a State Medicaid dollar. No longer. According to the revised State matching requirements, New York would be allowed to match a Federal Medicaid dollar with just 67 cents—a 33-percent reduction.

The effect of the change to the matching rates across the Nation will be a $200-plus billion reduction in State funding to Medicaid.

Moreover, the conference agreement eliminates two provisions in the Senate bill that were agreed to unanimously in the Senate Finance Committee. These amendments would have continued to prohibit the gaming of the Medicaid System through the use of provider taxes and prohibited States from supplanting current State health expenditures with Medicaid dollars.

The conference committee agreement encourages States to go back to the days of fictitious accounting and gaming that in the past effectively raided the Medicaid Program.

The effect of this policy under a block grant is not to raid the Federal treasury but to make the State matching rate illusory at best. In fact, the conference report effectively makes Medicaid a general revenue sharing program.

It is no wonder that some of our Nation's Governors are clamoring and cheerleading the destruction of the Medicaid Program. I have a warning for them, or more accurately, a proverb for them. The proverb goes as follows: ''Fish see the worm not the hook.''

The Governors who are anxious to gobble up these block grants and illusory matching rates will feel took in the future when their economies stumble, when an epidemic strikes, when a nature disaster hits, when inflation creeps up again, or when their populations grow.

NATION'S LOW-INCOME ELDERLY AT RISK

Another often misunderstood provision of this legislation is the impact that it will have on our Nation's low-income elderly.

Let me emphasize that the Republican bill repeals the current law guarantee of payment of the Medicare Part B premiums on behalf of elderly Americans with income below the poverty level—$622 per month for an individual.

Although the Speaker of the House claims the bill ''provides that senior citizens at the poverty level and below have all of their Part B premium paid for by the taxpayers—100 percent,'' the fact is that, no poor senior citizen has a guarantee to any coverage or assistance whatsoever.

States would be asked to set aside a certain percentage of their program spending each year to pay for Medicare premiums, deductibles, and coinsurance on behalf of low-income elderly. However, this set-aside will be sufficient to cover only about 44 percent of the costs of Part B premiums for those now eligible by the year 2002.

NURSING HOME—LIENS OF FAMILY HOMES

Another provision that was unanimously agreed to in the Senate Finance Committee was a provision that protected spouses having liens placed against their home or family farm. Incredibly, this provision was also dropped by the conference committee.

As a result, the conference agreement repeals current law protections against the use of liens and expressly authorizes States to impose liens on the home or family farm of a beneficiary, even when the spouse is still living in it.

UNFAIRNESS OF MEDICAID CUTS AND FORMULA

Finally, I want to raise some policy questions that the bill creates. First what is the policy justification for $163.5 billion in Medicaid reductions? This provides for just a 1.9 percent increase in Medicaid spending per person over the seven year period and is far less than the 7.1 percent the Congressional Budget Office projects private sector spending to increase.

Second, what is the policy justification for arriving at the Medicaid formula in the bill? Can anybody possibly explain how the fiscal year 1996 State-by-State allocations are arrived at? Dollar figures are stated in law. How were those numbers arrived at?

Clearly, one impact is to reward those States that have extremely high share of disproportionate share in the past. Some of those States abused the Medicaid Program and will be rewarded for that abuse in the new Medicaid formula.

At one point, the Senate Finance Committee staff had proposed that States with excessive disproportionate share payments would lose those excess payments. The Senate Finance Committee voted to cap those payments at 12 percent.

That provision was deleted, and instead, States are now rewarded for their excesses and—in some cases—their abuse.

These States will have those funds permanently cemented in their base allocation and allowed to increase them well into the future. What is the policy rationale for this?

Whatever the rationale, the effect is to apportion funding in a manner that is fundamentally unfair to those States that did not scam the Medicaid disproportionate share program, those States that are growing and those States that have been efficient in the past.

In Florida's case, we have a larger population than either Pennsylvania and Ohio and an elderly population that is 40.7 percent greater than Pennsylvania and 79.2 percent greater than Ohio, yet will receive less money over the next 7 years from Medicaid than either of those two States.

Florida has 5.4 percent of the Nation's population, 8 percent of the Nation's elderly population but will receive just 4.2 percent of the overall Federal Medicaid allocation between fiscal year 1996 and 2002.

If Florida were to just receive its population share of money, it would receive $42.7 billion instead of the $33.0 billion allowed in this bill, a $9.7 billion disparity or loss to Florida over the 7-year period.

OTHER PROBLEMS

For all these reasons and for numerous others—such as the conference committee's level of Medicare cuts on our Nation's elderly and the danger and exposure that Medicare beneficiaries will be subjected to due to watered down emergency care managed care standards, I cannot and will not support this legislation.

I would like to turn the Senate's attention from Medicaid and Medicare for a moment to another important issue before the Senate tonight.

Madam President, when the Senate votes on the reconciliation bill shortly, there will be one important issue which risks being lost in the enormity of the Medicare cutting, Medicaid gutting, tax cutting, and budget balancing package.

That issue is welfare reform.

The effrontery of burying such a monumentally important matter in the middle of a massive Medicare, Medicaid, Tax Code, and budget overhaul speaks for itself.

The welfare reform component of this reconciliation bill deserves strict scrutiny instead of token consideration.

My support for sweeping change in our Nation's welfare system is a matter of record, and as recently as September 19, 1995, I joined with 86 of my colleagues in supporting the Work Opportunity Act of 1995, Senate bill 1120.

I voted in support of this bill, even though I had serious reservations, in order to keep the welfare reform effort in this Congress alive.

Unfortunately, the conference agreement moves welfare reform in the opposite direction. The pending legislation is worse than what we had to consider 2 months ago.

Madam President, I support welfare reform. I want to see Congress pass a welfare reform measure, and I want to

see the President sign welfare reform legislation. But this bill deserves neither.

Welfare reform, when it is done well, works and works well.

Florida boasts of two very successful welfare pilot projects, the largest in America in instituting a ''time limited benefit.'' Florida, in fact, has been one of the pioneers in the ''two years and you are out'' approach that is mirrored in the pending legislation.

But, Madam President, these pilots are succeeding because there is a front-end investment in the lives of those affected by the program change.

Whether it is day care, job training, temporary transportation assistance, or health care, the welfare recipient is given a hand up instead of a hand out.

I visited the program in Pensacola, FL. Earlier this year President Clinton met some of the participants that I met, and he touted the program.

Madam President, the conference agreement before the Senate, as it pertains to welfare reform, is a mixture of good news and bad news.

The good news is that the conference agreement no longer treat education as welfare. We have Congressman CLAY SHAW and others to thank for that improvement.

Thankfully, the welfare reform legislation no longer kicks legal immigrants who pay taxes and are eligible for Federal student loans or grants, out of school.

This change assures 21,000 students in universities, colleges, and community colleges in Florida that they can continue to study and train in order to provide for their families and enhance our Nation's productivity.

Further, the conference agreement renounces the previous position of the Senate where deeming would occur past the date of citizenship. That provision appeared unconstitutional on its face, and fortunately, it was dropped.

But, Madam President, I am sorry to report that there is an overwhelming amount of bad news emerging from the conference on welfare reform.

First, the formula to allocate funds to the States continues welfare as we knew it. It treats poor children differently, depending upon which State they live in.

The conference formula says that if your State spent a lot in the old days, and thus built incentives to keep people on welfare, you will be given a leg up on every other State under block grants.

That is how it is possible, for example, that the State of Michigan would be given $217 million more, each year, than the State of Florida, which has a population that is 4.5 million greater than Michigan's population.

The conclusion is simple: the formula adopted by the conferees is flawed, if not rigged.

The conferees had an option: adopt a fair share allocation which treats children the same regardless of their ZIP codes. I offered such an amendment 2 months ago.

Instead, the conferees chose to reward the big spenders who got us in this mess in the first place.

If parents rewarded bad behavior of their children like this, we would be a nation of reform schools.

Madam President, another glaring disappointment in the conference agreement before the Senate is the retreat on a commitment to funding child care.

The Senate voted for a $3 billion increase over 5 years and now we see that the conference agreement proposes $3 billion over 7 years.

That may sound like an innocuous accounting change until you look at the impact on the States.

That change means for Florida less child care money next year, I repeat, less money next year, than it had this year.

Keep in mind that Florida is expected to more than double in one year its population of welfare recipients in the work force.

The conference agreement short-changes Florida $18 million in child care funds from the amount that passed the Senate in September. That is movement backward, not forward.

When you take the faulty funding formula for the block grants, and combine them with the paltry child care allocations, you get the growing sense that Florida has been set up to fail.

Madam President, it did not have to be this way. If government were run like a business, you would have had by now a debate about a business plan.

In effect, you would have identified outcomes to be achieved, and then identified the means necessary to achieve those outcomes.

Just in the area of child care alone, in order to meet the job requirements of the conference agreement for the first 5 years after enactment, Florida would need approximately $800 million in child care funding. The conference agreement gives Florida $509 million.

That $291 million shortfall means that tens of thousands of children can not get child care, and therefore, their mothers or fathers can't go to work.

But the Congress wasn't interested in outcome and resource analysis. The Congress didn't want to do a business plan.

The Congress wanted to cut tens of billions of dollars out of welfare and shift those burdens to the States.

I will highlight a few more disappointments.

The Senate placed $878 million in a growth fund to assist States which experience caseload increases, and thus, cost increases. The conference agreement reduces that about 10 percent.

I mentioned earlier that there was good news in the conference agreement as it pertains to legal immigrants and access to Federal assistance to higher educational programs.

But even that good news has a new catch. The conferees have set up a new class system now in the Stafford loans program. Now legal immigrant applicants must have a sponsor or other citizen cosign the loans.

No debate on this change. No hearings. A brand new provision written in conference.

So I am left to believe that the conferees felt that only the better off of the legal immigrant communities are eligible for a Federal loan program, even though they all pay taxes like citizens pay taxes. So much for the American dream.

The city of Miami had more legal immigrants admitted last year than 20 States combined did. Thus the prohibitions and timetables on certain benefits will shift to Miami costs that once were shared or born by the Federal Government.

The State of Florida does not set immigration policy. The State of Florida did not negotiate a 20,000 legal immigrants per year agreement between Cuba and the United States.

But the State of Florida is now being told the following: first, we are going to cheat you on the block grant, and give States like New York more than four times what you get.

Second, we are going to cut child care for your State, and leave you $300 million below what you need to achieve the work participation rates that we intend to grade you on.

Finally, we are going to stick you with hundreds of millions of dollars in costs for legal and illegal immigration, even though you have no control over those policies.

How is that for fairness? How is that for reasonableness?

Madam President, I am disappointed with the direction the welfare reform measure went after it left the Senate. It has taken a turn for the worse. For the State of Florida, a State which did not have a high welfare benefit check and thus did not contribute as greatly to the welfare culture as those States who now reap windfalls for having created the problem, the conference agreement is not acceptable.

I urge the President to veto this bill and for both sides to begin to work together immediately toward reaching a consensus plan on balancing the Nation's budget. There is another way.

Mr. KYL. Madam President, let me get back to the issue before us, which is the objection to the point of order that has been made to certain provisions of this bill.

Madam President, we ought not to waive this provision. We should not have to waive the provision because there is nothing violative of the Byrd rule in the antitrust provisions of the Medicare part of the Balanced Budget Act of 1995.

Let me go back a little bit to set the stage here. The whole theory of our Medicare reform, how we are beginning to strengthen Medicare and save it from bankruptcy, is to create more choices in the marketplace so that competition will drive costs down while also ensuring quality of care.

Now, in order to create those choices, we allowed for the creation of a couple

of new products in this legislation. One of the products is the medical savings account whereby people would have an incentive not to spend all of the deductible amount that they did not have to spend, and we provided that tax free.

As a result of a Byrd problem on that provision, the inside buildup—that is to say, the part that you do not spend—is now going to be taxed.

One of the products is not going to be nearly as attractive as it was when we wrote our bill.

The other new product is the hospital and physician organization, a new type of entity, somewhat similar to an HMO, but not really the same because here instead of having an insurance company or some kind of administrative organization that runs the whole program you simply have physicians and hospitals in a community getting together to offer their services on a capitated basis for the people who would be eligible for Medicare benefits.

It is believed the creation of these organizations by cutting out the middleman and creating a new product would, in fact, create that kind of choice and therefore the competition in the marketplace would cause costs to be reduced.

The two products, together, along with existing Medicare and the HMO option that currently exists would therefore create lower costs, thus allowing us to save the $270 billion over the 7 years that is needed in order to prevent the bankruptcy of the system.

Madam President, as I said, the medical savings account part of this is now jeopardized because of the Byrd rule. If we also cripple the physician-hospital organizations because of the Byrd rule, we will have largely failed to create the two new products and therefore the competition, the choice, and the competition in this, and I fear, Madam President, that our entire Medicare reform will fail. And the commitment that we have made to our seniors, as a result of the Democrats raising the objection here, will cause our Medicare reform to fail.

Madam President, I will say this as clearly as I can. If and when that happens, the American people, and in particular the seniors of this country, ought to know precisely where the blame lies. Because we have an opportunity this evening to save the Medicare system. But if people do not vote down this point of order, it is in serious jeopardy of going bankrupt because our system will not have within it the two key products that would be created to create this competition and choice.

What exactly happens here? Why are we so concerned about this? For the doctors and the hospitals to get together to create this kind of organization, they have to talk to each other and they have to talk about prices and how they are going to treat patients. When that happens, lawyers are going to say, you are violating the antitrust laws. Under a per se rule, which means ''in and of itself,'' that would be true. The mere fact that you sit down and talk about it violates the law.

So we have said in here, let us substitute the rule of reason, a rule of antitrust law that says we will consider it under the circumstances. If what they did is really wrong and violative of the antitrust laws, then we are still going to prosecute them. But if, under the circumstances of creating this new product, and only for the purpose of contracting with Medicare, they get together and talk about these things, things such as prices, then it would be OK. But the Justice Department, FTC, still would look at this under a rule of reason, as Senator HATCH pointed out.

There are two main points, and this is what I will close on. The CBO allegedly has not scored this—excuse me, has said it would have no budgetary effect. That is not true. The CBO has never said that, so that basis for a parliamentary ruling would simply be in error. Quite the opposite is true with respect to the physician-hospital networks.

Second, the conclusion is that the antitrust provisions are merely incidental. In this regard, two contradictory arguments are made. One, that this is such a big deal that all kinds of doctors are going to get together and fix prices and it is going to affect the market far beyond the Medicare market. The other is that it is merely incidental.

Both cannot be true. The fact of the matter is, the antitrust provisions are critical to the creation of this product. It is going to be very hard for them to work without the antitrust exemption. So it is not merely incidental. It is there for the sole purpose of enabling these organizations to operate.

If they cannot operate, then the cost savings are not there because they cannot compete in the marketplace, and our system is destined to fail. It is only for Medicare contracts.

Madam President, I will conclude it this way. If this provision comes out, if these antitrust modifications, just to the rule of reason, come out of the bill, then I am going to predict that this could easily fail. If it does, the people who vote against this this evening are the ones who should be held responsible.

I hope that Democrats and Republicans alike will join us in defeating this objection and in sustaining the waiver to the budget point of order.

Ms. MIKULSKI. Mr. President, I rise to support Senator EXXON's Point of Order that the Clinical Laboratory Improvement Amendments [CLIA] repealed in this budget reconciliation bill violates the Byrd Rule.

The Senate Parliamentarian has ruled that repealing CLIA violates the Byrd Rule because it produces changes or outlays that are merely incidental to the nonbudgetary components of the provision. That is a violation of the Byrd Rule.

Let me explain briefly to my colleagues what CLIA is, and why it is so important to me and to millions of Americans.

CLIA '88 set for the first time uniform quality standards for all clinical labs. I am proud that this law, which I authored, was passed with broad bipartisan support.

CLIA was passed in 1988 and implemented in 1992 to address serious and life-threatening conditions in clinical labs.

To now even suggest we turn back the clock to pre-1988 will have devastating results. Do we really want to:

Turn back to a time when tests were misread and diseases misdiagnosed.

Turn back to the bad old days of misdiagnosis of the HIV/AIDS virus.

When doctors were using inferior methods of reading slides.

When people with the virus went undetected because the virus was mutating and was recognized by physicians.

Or turn back to a time when the lab technicians were overworked and undersupervised.

When slides were taken home.

When dirty labs were tolerated.

When lab technicians had little or no formal training, resulting in many diseases going undetected.

My colleagues, CLIA works, CLIA saves lives. Reconciliation is not the place to make such changes. I urge you to sustain this point of order.

Mr. BIDEN. Mr. President, we are being asked to vote on the antitrust provisions of this conference report. As I understand it, these provisions would allow doctors to form Medicare provider networks—similar to existing managed care networks that are run by insurance companies—without running afoul of the per se standards of antitrust law.

This provision violates the Byrd law. It is extraneous. It has no effect on the deficit, and therefore it does not belong in the budget reconciliation bill.

Furthermore, Madam President, this issue has just now been brought before the Senate. There was no similar provision in the Senate version of the reconciliation bill. There have not been hearings before the Judiciary Committee. And, we have not had a chance to examine the effects of this change in anti-trust law.

But, let me say that as ranking member of the Judiciary Committee, I would be happy to give this matter full consideration. We should find out whether the change proposed here would really create more competition in the health care sector of the economy—and we should examine whether this would be a benefit to rural areas of the country.

And, frankly, in this new health care climate, with the emphasis on big insurance companies running managed care plans like HMO's, doctors need some protection. I have told physicians in Delaware that I am willing to help find ways to ensure that doctors can be doctors. I think that if doctors ran the managed care networks, we might all be better off. If that means that we

must provide anti-trust relief, then I am willing to look closely at it.

But, I cannot support doing it here—doing it now—on a bill that is supposed to reduce the deficit. Therefore, I will support stripping this provision from the bill, and I will vote against the motion to waive the rules for physician anti-trust relief.

I hope, however, that we will look at this more closely, in a more rational way, on another day.

Mr. EXON. I yield 8 minutes to the Senator from Vermont.

Mr. LEAHY. Madam President, the argument we have heard, unfortunately, is somewhat like the trial in ''Alice in Wonderland.'' First you have the sentence and then you have the trial afterward. In this case—and this shows the very reason for the Byrd rule—we have special antitrust rules that are embedded in the reconciliation bill on behalf of the doctors' lobby. They are significant matters. They propose changes in antitrust law, in the policy that competition provides the best protection for consumers. I have said when you have the sentence first and you have the trial after: You would think that if you were going to make these major antitrust rules changes—I do not know, Madam President, if I am disturbing this conversation in front of me or not.

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. It is a fascinating conversation, and I will probably pause long enough to listen to it myself.

The PRESIDING OFFICER. If the Senators will come to order, so we can hear the Senator from Vermont.

Mr. LEAHY. As I was saying, we are being required to make these major antitrust changes without any proceedings, hearings or debate. We are being required to do it without any vote. All we hear from is, apparently, the back room somewhere. Here some highly-paid lobby comes in and says, ''Whisper, whisper, whisper,'' and what comes out of that? We end up with a special provision in a budget reconciliation bill. We have a reconciliation bill and tucked in there are major changes in the antitrust law.

Mr. KYL. Will the Senator yield a moment?

Mr. LEAHY. I tried not to interrupt the Senator from Arizona before. Let me finish, and then I will be happy to yield for a question.

Mr. KYL. Thank you.

Mr. LEAHY. The Senate budget reconciliation bill that the Senate passed contained no such provision of which I am aware. The House originally had two. Then they end up with one. An unnecessary and dangerous antitrust law change is in the conference report on budget reconciliation.

Again, I do not know where it came from. It did not come from hearings or debate, and it certainly did not come from any votes on the Senate floor. I am not aware that it came from any votes on the House floor.

Yet in proposed new subsection (f), of proposed new section 1853 to the Social Security Act, as contained in section 8001 of title 8 of the Budget Reconciliation Conference Report, in a special antitrust rule and change in our antitrust policy.

What it does is this: It exempts certain groups of doctors and other health care providers from the so-called per se rule against price fixing in our antitrust laws.

The conference report does omit the heading ''Special Antitrust Rule For Provider Service Networks''—originally the House-passed bill actually had a heading and flagged the change—they took the heading out, but they left a rewrite of the section in. Maybe because this reconciliation bill is so long and filled with so many special interest gimmicks and gimmies and giveaways, maybe they thought that if you take the headings off, people will not know they are there. But it is still there as a subsection.

It attempts to enact a special antitrust rule for groups of health care providers. It provides that the conduct of members of a group of health care providers, such as doctors, in ''negotiating, making, and performing a contract—including the establishment and modification of fee schedule—'' with a provider-sponsored organization for services under a MedicarePlus plan cannot be subject to the per se rule against price fixing.

Basically, it says, go ahead and agree on whatever you want because we will make it harder for anyone to prove that you are violating the antitrust laws. You are on your own.

Instead of the per se rule that is usually applied to stop price fixing, the only antitrust rule that can be applied is to consider and test the conduct based on its ''reasonableness, taking into account all relevant factors affecting competition, in properly defined markets''.

This is changing one of the most basic rules of antitrust law, changing it in a little special gimmie or giveaway provision, tucked in the reconciliation bill for whatever special interest wrote it. It changes the rule from the one that applies to competitors throughout the rest of the economy and that works to protect competition and consumers.

The antitrust law treats a very limited category of conduct as per se unlawful. That is reserved for naked restraints, that is, those that are inherently harmful to competition without conferring offsetting benefits. The classic example, Madam President, I say to my colleagues, is an agreement among competitors to fix the price of the products or services they sell when the agreement is not reasonably necessary to the operation of an efficiency-enhancing joint venture.

In fact, seeing my friend from Arizona on the floor, I would refer to the Supreme Court decision *Arizona* v. *Maricopa County Medical Society*, 457 U.S. 332 (1982). In that case, the Supreme Court held that a group of competing doctors who agreed on the maximum price at which they would sell their services to insurers without substantially integrating, that is, without becoming partners or joint venturers that share financial risk, was engaged in per se illegal price fixing.

Madam President, I am advised the leadership would like to make an unanimous consent request, and I yield for that.

The PRESIDING OFFICER. The Senator from Arizona.

UNANIMOUS-CONSENT AGREEMENT

Mr. KYL. Madam President, I ask unanimous consent that Senator DOMENICI have 30 seconds to close, and the Senate then proceed to vote on the motion to waive without further action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. LEAHY. Reserving the right to object, 30 seconds to close after I finish or right now?

Mr. KYL. Right now.

I am sorry——

Mr. DASCHLE. I understand Senator LEAHY was going to complete his speech and then that would take place.

Mr. KYL. At the conclusion of his remarks.

Mr. LEAHY. Instead of giving the full amount, I will take about another half minute, and then I have no objection. I enjoy hearing——

Mr. KYL. I amend the unanimous consent request.

The PRESIDING OFFICER. If the Senator from Arizona would finish his request?

Mr. KYL. The request is that at the conclusion of Senator LEAHY's remarks, Senator DOMENICI have 30 seconds to close and we then proceed without any further debate to a vote on the motion to waive.

Mr. GRAHAM. Madam President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LEAHY. Madam President, I understand Members may be trying to restate the question by the Senator from Arizona. I will assure the Senator from Arizona and the Democratic leader that when they are getting close to that I will yield immediately for them to make the request again.

Basically the point is a very serious point. I do not want to make motions on this or other reconciliation bills. I do so only reluctantly. But this is such a major change in the antitrust law to be tucked in here absent hearings, absent debate, and absent votes. I think is wrong.

For those Members of the Senate who are here, when we talked about the Byrd rule in the first place, it was specifically for this. We are talking about a reconciliation bill that goes past the normal debate rules of the Senate. I see the distinguished senior Senator from West Virginia on the floor. I think he would be the first to agree regarding this reconciliation.

The budget reconciliation conference report would cast aside the per se rule, and override the Maricopa decision for provider groups and provider-sponsored organizations or PSOs. Members of provider groups, such as doctors, would not be required to share financial risk in order to avoid per se treatment when they collectively set fees at which they provide services. Instead, these loose-knit groups would merely have to meet a checklist of criteria to qualify for the special treatment.

None of the group requirements is a substitute for the antitrust law's requirement of meaningful, shared risk. Under the language of the conference report the members need only be part of a group that ''is funded in part by capital contributions made by the members.'' This is no substitute for the shared risk required of a joint venture under antitrust law.

Nor would members of PSOs be required to share financial risk under currently governing law in order to avoid per se treatment under traditional analysis. Instead, they are provided their own special antitrust rule in subsection (e) by which ''affiliated'' providers need share, ''directly or indirectly,'' barely a majority financial interest in the PSO. So long as the providers, who would otherwise be competitors, meet the indirect affiliation provisions of the bill, they will be allowed to exchange information ''relating to costs, sales, profitability, marketing, prices, or fees for any health care product or service.''

These provisions each require the antitrust enforcement agencies to conduct a resource-intensive analysis of the ''properly defined market'' in order to challenge conduct that normally would be swiftly condemned as price fixing. Given limited enforcement resources, this change in law inevitably would mean that some anticompetitive activities will go unprosecuted. Could it be that this explains the doctors' lobby's insistence on inclusion of this provision in the conference report?

The provisions regarding the provider groups admittedly have to revenue or savings effect for deficit reduction purposes. The provisions regarding the PSOs did not have a score until, miraculously, just before this debate was about to being.

Neither set of special rules is integral to Medicare reform. Although defended as a means to encourage provider-sponsored health plans as an alternative to insurers, no such special antitrust treatment is needed to promote Medicare reform.

Provider networks already exist without any special antitrust rule. According to industry statistics, 20 percent of all PPOs and 15 percent of all HMOs are provider-owned. A survey by Modern Healthcare showed that in 1994, without a special antitrust rule, over 9 million people were enrolled in provider-owned PPOs. In addition, many other provider-sponsored managed care plans are being developed or planned without the enactment of a special antitrust rule. The Physician Payment Review Commission concluded in its 1995 Report to Congress that the available information did not indicate a significant problem of antitrust laws impeding the development of provider-sponsored managed care plans. The PPRC Report noted press accounts indicating that many physician-sponsored networks are in the process or formation and that ''three-fourths of state medical societies are either contemplating or are actually in the process of establishing physician-sponsored networks.''

Finally, in the past 2 years the Federal Trade Commission and the Department of Justice have issued literally dozens of staff advisory opinions approving the proposed development of provider-sponsored networks.

The Senate bill contains no such provisions. In debate on our bill, Senator FRIST expressly noted the absence of a Senate provision like proposed section 1853(f). Senator HATCH spoke to the ''creative tension'' in the health care delivery system involving providers and insurers, and noted Senate consideration of the '' antitrust requirements in current law.'' He concluded that the Senate bill, which had no such special antitrust rule, met the goals of providing real health care choices while making sure that there is accountability. Thus, no special antitrust rule was considered necessary when the Senate debated its Medicare reform package in its budget reconciliation bill a short time ago.

These provisions threaten significant injury to competition outside the Medicare program. By allowing competing providers to share information about ''costs, sales, profitability, marketing, prices, or fees'' and to agree on prices in the context of MedicarePlus, the exemption is likely to have the effect of dampening competition among those same providers for non-MedicarePlus business. For this reason among others, special antitrust rules of this type are opposed by the U.S. Chamber of Commerce, the National Business Coalition on Health, the National Manufacturers Association, the ERISA Industry Committee, the Business Roundtable, the APPWP—The Benefits Association, and the National Association of Attorneys General.

No language—and certainly not the fig leaf provided in proposed section 1853(f)(1)(B)(ii), which purports to limit the information exchanged among providers affiliated with a PSO to having not been used for any other purpose than to establish the PSO—can effectively prevent against this spillover effect.

Once putative competitors are authorized by statute to share information about ''costs, sales, profitability, marketing, prices'' and fees and to agree on prices for MedicarePlus, they cannot and will not be able to ignore that knowledge they already possess when it comes to setting their prices for others.

Providers who agree on prices to be demanded from PSOs or as PSOs may implicitly agree to adhere to similar prices with respect to other activities or moderate their competitive behavior based on the knowledge gained thereby. Once competing providers have met to negotiate their fees, the information they have exchanged and the understandings they have reached would likely spill over into their other dealings and into non-MedicarePlus areas in which health care services ought to be governed by competitive forces.

Thus, Gail R. Wilensky, Ph.D., the Chair of the Physician Payment Review Commission, recently testified on September 22, 1995, before the House Ways and Means Committee on Medicare Reform that ''even if a change (in the antitrust laws) applies only to the Medicare market, it may be difficult to keep potentially anticompetitive practices from spilling into other markets served by the networks.''

We do not need to enact such provisions and certainly should not do so as part of budget reconciliation. I object and trust my colleagues will not approve such changes in our antitrust laws without proper analysis, justification, study or debate.

Mr. DASCHLE. Madam President, will the Senator from Vermont yield?

Mr. LEAHY. Certainly.

Mr. DASCHLE. I apologize for the second time for interrupting the distinguished Senator from Vermont. We want to accommodate a number of schedules, and the clock is ticking. I am trying to see if we can accommodate all Senators and arrive at a unanimous consent agreement that will allow us to vote. The distinguished Senator from Florida had some questions.

If we could have the unanimous consent request again propounded with the understanding that, in addition to the 30 seconds for the Senator from New Mexico, the Senator from Florida could have 1 minute to ask some questions, and I would ask unanimous consent that be included, and pose the motion at this time.

The PRESIDING OFFICER. Is there objection? If not, the Chair understands that there will be 30 seconds for the Senator from New Mexico, and the Senator from Vermont would have 30 seconds.

Mr. LEAHY. No, the Senator from Vermont would complete his statement at which point I understand that the Senator from Florida would have a minute, the Senator from New Mexico would have 30 seconds, and then we would have the vote that was discussed before.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KYL. Madam President, I further ask unanimous consent that, if the motion to waive is not agreed to and the point of order is sustained, that the

Senate proceed immediately to vote on the motion to concur with the Senate amendment to the House amendment with no further action or debate, other than 5 minutes for each leader or manager, and that the vote be limited to 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, I thought I was going to get 5 minutes also.

Mr. KYL. For each leader and manager, I will amend the request. I am sorry. I misread that—each leader and manager.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LEAHY. Madam President, to accommodate those Senators who have schedules and other debates, I will wrap up with this.

The Byrd rule was put here by the distinguished senior Senator from West Virginia because this reconciliation process changes the normal procedures of the Senate. It changes the normal unlimited debate. It was done to handle these fiscal matters, and not to allow a whole lot of things to come in without the debate.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LEAHY. No. Madam President. That was not the unanimous consent request, I say to the Chair. The unanimous consent request was that at the conclusion of my time we would have a minute for the Senator from Florida, and 30 seconds for the Senator from New Mexico.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired. He had 8 minutes, and the time has expired.

Mr. LEAHY. The Chair is correct in that.

I ask unanimous consent that the material of the Chamber of Commerce, the National Business Coalition, Health, the National Association of Attorneys General and others, who objected to this provision be printed in the RECORD.

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

FEDERAL TRADE COMMISSION,
DEPARTMENT OF JUSTICE,
*Washington, DC, October 31, 1995.*

Hon. PATRICK J. LEAHY,
*U.S. Senate, Washington, DC.*

DEAR SENATOR LEAHY: The Federal Trade Commission and the Department of Justice (the ''Agencies'') are writing in response to your letters of October 26, 1995, requesting the Agencies' comments on two antitrust provisions in H.R. 2425, the Medicare Preservation Act of 1995. The Administration supports the increased availability of provider networks to promote competition and expand competitive choices for consumers. Further, the Administration believes that legislative reforms, which include appropriate consumer protection safeguards, are necessary to achieve this goal. The Federal Trade Commission has taken no position on aspects of Medicare reform other than the comments in this letter on the two antitrust provisions of H.R. 2425.

However, the two antitrust provisions of H.R. 2425—one a broad exemption for medical self-regulatory entities and the other a relaxation of antitrust rules for provider service networks—are unnecessary and could seriously undermine the cost containment goals of Medicare reform efforts. Moreover, these provisions would deprive all consumers—not only Medicare beneficiaries—of the benefits of competition in health care markets. The Agencies urge that Congress not enact these provisions.

ANTITRUST EXEMPTION FOR MEDICAL SELF-REGULATORY ENTITIES

Section 15221 of H.R. 2425, ''Exemptions from Antitrust Laws for Certain Activities of Medical Self-Regulatory Entities,'' would create a special antitrust exemption for medical groups' setting or enforcing of ''standards'' that are ''designed to promote quality of health care services.'' If enacted, it would provide broad antitrust immunity for anticompetitive activities that purport to improve the quality of care, but in fact raise health care costs and deprive consumers of choices in the marketplace, by anticompetitively excluding other economic participants from health care markets.

Antitrust enforcement actions have stopped physicians, acting through medical societies and hospital medical staffs under the guise of quality concerns, from engaging in boycotts, price fixing, and other conduct harmful to consumers. These enforcement actions have been instrumental in enabling competitive alternatives to traditional fee-for-service medicine to enter health care markets in the face of provider opposition. For example, the Agencies enforcement actions have challenged: medical societies' standards that banned procompetitive alternatives to traditional fee-for-service medicine—including physicians' employment by HMOs and affiliation with non-physicians; hospital medical staff boycotts, coercion of hospitals, and abuse of the credentialling process, to block the development of innovative forms of health care delivery, such as health maintenance organizations; and medical societies' boycotts of insurers to force them to pay higher fees to the societies' members.

The unfortunate fact is that self-regulatory bodies sometimes act to obstruct competition, and when they do so their actions are often couched in quality-of-care terms. This kind of conduct is not a thing of the past. Continued antitrust enforcement against such anticompetitive activities is essential if competitive forces are to play a role in containing health care costs.

Encouraging industry self-regulation that is aimed at improving quality is a laudable goal, but legitimate self-regulatory activity is already permitted under current antitrust law. The Federal Trade Commission and the Department of Justice have not brought suits against such legitimate conduct. In fact, they have repeatedly spread the message that such conduct is lawful.

The Report of the House Committee on Ways and Means on H.R. 2425 indicates that the exemption for medical self-regulation is intended to address concerns about private lawsuits challenging peer review. The Report states that the Health Care Quality Improvement Act of 1986, 42 U.S.C. §11101, which eliminated private damage actions for good faith peer review that is undertaken with certain procedural safeguards, has been beneficial, but that antitrust suits have continued. Even if some unjustified suits continue to be brought, concerns about possible imperfections in that statute's limitations on private damage actions would not justify H.R. 2425's broad exemption from all antitrust enforcement, particularly including actions by the government.

The potential harm from the broadly worded exemption is not significantly limited by Section 15221(b)(2)'s exclusion from immunity where conduct is undertaken ''for purposes of financial gain.'' As noted above, quality of care is typically offered as a justification for anticompetitive conduct by health care providers, sometimes based on the sincere—but erroneous—belief that competition is inappropriate in the health care industry. Moreover, making the availability of immunity turn on defendants' intent, rather than on the objective market consequences of the challenged behavior, offers no real protection for consumers. The absence of a motive for personal financial gain does not lessen the injury to consumers that occurs when competitors engage in conduct that is unreasonably anticompetitive.

The Congressional Budget Office concluded that this provision would *increase* federal spending, rather than promote the cost containment goals of H.R. 2425. And the impact would not be limited to the Medicare program. Granting private medical organizations the power to adopt and enforce standards without the check against abuses that antitrust law provides is likely to stifle innovation, unnecessarily limit consumer choice, and frustrate health care cost containment efforts.

SPECIAL ANTITRUST TREATMENT FOR PROVIDER SERVICE NETWORKS

Section 15021 of Subtitle A of H.R. 2425, ''Special Antitrust Rule for Provider Service Networks,'' would exempt certain groups of health care providers from the per se rule against price-fixing that applies throughout the rest of the economy. This provision is not necessary for the development of the provider-sponsored entities that the Medicare reform bills seek to encourage. It could, however, both undercut H.R. 2425's reliance on competition to provide more cost-effective services to Medicare beneficiaries, and impair non-Medicare competition as well.

Like the Senate Medicare bill, H.R. 2425 would permit certain provider organizations to contract directly with the Medicare program to provide all covered services in return for a monthly capitation payment. These organizations are called ''provider service networks'' in the Senate bill and ''provider-sponsored organizations'' (PSOs) in H.R. 2425. ''Provider service networks'' (PSNs) under H.R. 2425 are groups of providers that may contract with a PSO—in essence as subcontractors—to provide services to Medicare beneficiaries.

Section 15021(a) provides that the conduct of a PSN or its members in fixing prices would be evaluated only under the ''rule of reason'' antitrust analysis, rather than under the ''per se'' rule usually applicable to price fixing by competitors. Legitimate provider joint ventures already receive ''rule of reason'' treatment, for example, where their members share substantial financial risk. This is because risk-sharing among members of such a group gives each member the incentive to assure that the group as a whole provides services in a cost-effective manner, achieving efficiencies and cost-savings that competition is intended to secure. Under Section 15021(a), however, members of a PSN who do not share any financial risk, and thus do not have those same incentives for cost-savings, would be able to set fees collectively for services provided through a PSO without regard to the usual ''per se'' rule against price fixing.

No special antitrust rule is necessary to allow providers to form groups or networks, develop fee schedules for participating providers, or set up providers panels, so long as the providers share financial risk. In fact,

risk-sharing among providers in a group appears integral to the purposes of the legislation: PSOs and other entities offering Medicare products are required to assume full financial risk for the provision of all covered services, in exchange for a predetermined capitation payment. Under existing antitrust law, such groups already receive rule of reason treatment, and any other provider group that similarly shares financial risks would receive the same antitrust treatment. H.R. 2425 would allow PSNs that do not involve risk-sharing to qualify for special antitrust treatment by meeting certain criteria. However, none of these criteria is a substitute for the incentives created by substantial financial risk-sharing.

The goal of promoting more cost-effective delivery of Medicare services would not be furthered by allowing groups of competing providers in a PSN to agree on the prices they would demand from the PSO for treating patients under a Medicare PSO contract, bargain collectively with the PSO, and threaten a boycott if the PSO did not accept the providers' terms. In such a case, even though the anticompetitive effect of the conduct is clear and no countervailing efficiencies are produced, the bill would require the antitrust agencies to conduct a resource-intensive analysis of the market under the rule of reason. Given the constraints on federal antitrust enforcement resources, this can only mean that some plainly anticompetitive activities will go unprosecuted.

The impact of the exemption could also extend beyond PSOs to all managed care organizations operating in a particular market. By allowing competing providers to agree on prices in the context of bargaining to provide services to a Medicare PSO, the exemption could have the unintended effect of dampening competition among those same providers for non-PSO business. Providers who agree on prices to be demanded of PSOs may implicitly agree to adhere to similar demands when dealing with other plans. Even absent bad intentions, once competing providers have met to negotiate their fees for PSO business, the information they have exchanged and the understandings they have reached would likely spill over into their dealings not only with other MedicarePlus organizations, but also with the various organizations that provide health care benefits to non-Medicare patients.

In sum, the antitrust provision in H.R. 2425 would harm consumers and would run counter to the cost-reduction goals of Medicare reform efforts.

The Department of Justice has be advised by the Office of Management and Budget that there is no objection to the submission of this letter from the standpoint of the Administration's program.

Sincerely,

ANNE K. BINGAMAN,
*Assistant Attorney General.*

By direction of the Commission.

ROBERT PITOFSKY,
*Chairman.*

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*September 26, 1995.*

Hon. WILLIAM V. ROTH, Jr.,
*Chairman, Committee on Finance*
*Washington, DC.*

DEAR MR. CHAIRMAN: We are a coalition of physician group practices, non-physician providers, employers, managed care networks and insurers who are opposed to including special antitrust preferences for physicians as part of Medicare reform legislation.

Physicians are not alone in feeling the pressure of increased competition. All of us doing business in the health care market are facing increased competition. Yet, we do not believe that competitive pressures warrant special antitrust preferences for physicians or any other provider. Such preferences are unnecessary and harmful to competition and consumer choice in the marketplace. If the goal is to apply the successes of the private health care market to reforming the Medicare program, then weakening the antitrust laws for physicians is truly misguided. Senior citizens and all consumers should have health plan choices—but choices that are indeed competitive.

The attached Washington Post article underscores the need to maintain strong antitrust enforcement in order to ensure that consumers, not competitors, determine the range and prices of goods and services offered in the health care marketplace.

Unfortunately, the American Medical Association (AMA) is seeking special treatment under the antitrust laws. Under the AMA's proposal, physicians would be allowed to agree on the prices they will charge and collectively negotiate with lawyers while essentially remaining individual competitors. In other words, little substantial risk-sharing on the part of physicians would be required, effectively reducing incentives to compete on cost, quality and efficiency. In addition, physician networks would be subject to more lenient enforcement of the law than all other providers.

Advocates of changes to the law contend that current antitrust laws and enforcement must be relaxed to allow physicians to compete on a ''level playing field'' with other network organizers such as hospitals. HMOs and insurers. While this argument may appear reasonable at a glance, a closer examination of the issue reveals quite the opposite. The antitrust changes that the AMA seeks to include as part of Medicare reform are little more than well-disguised attempts to side-step the strong free market protections afforded by current law.

The following briefing paper tells the real story.

Sincerely,

American Group Practice Association, American Association of Nurse Anesthetists, Academy of Nurse Practitioners, American Nurses Association, AETNA, American Managed Care and Review Association, American College of Nurse Mid-wives, Association of Private Pension and Welfare Plans, American Speech-Language-Hearing Association, Blue Cross & Blue Shield Association, CIGNA, FHP Health Care, Group Health Association of America, Health Care Compare, Corp., Health Insurance Association of America, Kaiser Permanente, Kansas City Blue Cross & Blue Shield, Metrahealth, National Association of Manufacturers, National Capital PPO, Nat's Assoc. of Nurse Practitioners in Reproductive Health, Opticians Association of America, Sierra Health Services, The Erisa Industry Committee, The Principal Financial Group, The Prudential, U.S. Healthcare, Inc., Wausau Insurance Companies.

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[From the Washington Post, Sept. 14, 1995]

DOCTORS, HOSPITALS SUED ON MONOPOLY CHARGES

The Justice Department yesterday charged doctors and hospitals in two states with using monopoly power to block lower-priced managed health care systems from competing—in one case for almost a decade.

It was the first time the agency's antitrust division filed price-fixing lawsuits accusing hospitals of scheming with doctors to ensure their own higher profits while health care costs rise.

Both groups—in Danbury, Conn., and St. Joseph, Mo—denied the charges. But both also agreed to consent decrees in which they promised to change the way they do business.

The complaint said that beginning in May 1994 and continuing through August, Danbury Hospital, the only acutecare facility in the area, forced patients to use its outpatient facilities, joined with ''virtually all of the doctors on its medical staff' to raise fees, and purposely limited the size and mix of its medical staff to reduce competition among local doctors.

In Missouri, the Justice Department said, the price-fixing conspiracy occurred from April 1986 through June 1995. The complaint said about 85 percent of the doctors in Buchanan County formed a group in 1986 ''to prevent or delay the development of managed care in the area.''

In 1990, the group then joined with the only local hospital, Heartland, to form Health Choice to further lock up the medical services and profits in the area, the lawsuit said.

SPECIAL ANTITRUST PREFERENCES FOR PHYSICIANS LIMIT COMPETITION, CHOICE AND INNOVATION IN THE HEALTH CARE MARKET

Current antitrust law does allow for the formation of physician-sponsored networks.

Physicians can join together and agree on price and other terms of business so long as they ''integrate'' by sharing financial risk. Risk-sharing can be achieved in a variety of ways and is critical to ensure that physicians do not come together to simply fix prices while remaining separate competitors. Numerous physician networks have successfully ''integrated'' and are now competing in virtually every market in the country. Some of the most notable examples are the Mayo Clinic in Minnesota and the Cleveland Clinic in Ohio. These multi-specialty physician group practices were formed under existing antitrust laws, without special preferences.

Alternatively physicians can also join together to form Preferred Provider Organizations (PPOs) and negotiate fees with HMOs and other third-party payers without integrating their practices. These more loosely organized groups can perform many of the same functions as their fully integrated counterparts, including quality assurance, utilization review, and administrative services. Guidelines issued by the Department of Justice (DOJ) and the Federal Trade Commission (FTC) make this clear.

Loosening integration requirements is harmful to consumers because it reduces the incentive for providers to compete. Current integration requirements are not barriers to the formation physician-sponsored plans. They are barriers to price-fixing, boycotts and other forms of anti-market activities. Ultimately, substantial financial integration is what drives competition on quality, efficiency and cost.

Physicians are not disadvantaged with respect to other providers under the antitrust laws.

The purpose of strong antitrust enforcement policies is to protect consumers, not competitors. The notion that physicians need special antitrust preferences because the antitrust laws are biased against physicians is inaccurate and misleading. Joint ventures arranged by like competitors in every other industry are subject to essentially the same level of scrutiny as physician-sponsored networks.

Similarly, insurers and other providers are not exempt from antitrust enforcement. If insurers either agreed among themselves on payment levels or tried to wield market power by driving prices down, they too would run afoul of the antitrust laws.

In its 1995 Report to Congress, the Physician Payment Review Commission (PPRC)

concluded that ''the available evidence of problems is not sufficient to warrant creating safe harbors or other exemptions from the antitrust laws for physician-sponsored networks at this time. Amending the antitrust laws is a serious step that should be undertaken only in the face of compelling evidence that change is required. The limited available factual evidence, however, does not currently suggest the widespread existence of problems.''

Consequently, what the AMA is really asking for is the ability to compete outside the free market principles that every other competitor must abide by.

Special antitrust treatment for physicians, such as loose integration requirements and substitution of the rule of reason for the per se rule would diminish consumer power in the marketplace.

A number of changes to the antitrust laws have been advocated by the AMA, ranging from outright exemptions to relaxing risk-sharing requirements and elimination of the per se rule. The per se rule has allowed the courts and enforcement agencies to efficiently call a halt to activities that are blatantly harmful to consumers. It reflects a determination that some conduct—such as price-fixing and group boycotts—is so likely to harm consumers that it should be found unlawful in all circumstances. It is a rule that applies to all providers and all industries.

The rule of reason, in contrast, requires a balancing of the competitive harm arising from particular conduct against the possible economic benefits it produces. However, it is also more difficult under this rule to challenge anticompetitive conduct because many more creative defenses and justifications can be raised. If antitrust enforcement agencies could only prosecute antitrust violations by provider physician-sponsored networks under the rule of reason, they would be forced to utilize greater resources and face a reduced likelihood of success. If rule of reason treatment was extended to provider-sponsored networks, but not to other types of health care networks, provider organizations would enjoy distinct advantages that would not be shared by other health plans. This would put those plans at a competitive disadvantage.

History is replete with examples of physician group boycotts and efforts to keep other physician group practices and non-physicians, such as nurse mid-wives and nurse anesthetists, from offering consumers choice. One of the best examples of this is the experience of the physician-owned Cleveland Clinic. In 1991, the Federal Trade Commission (FTC) put a halt to physician boycotts aimed at preventing Cleveland Clinic doctors from establishing a practice in Florida. This case was brought under the per se rule—the very rule from which AMA seeks an exemption. Similarly, prior to 1979, the AMA bound its members to rules that prevented physicians from contracting with HMOs. These rules effectively prevented price competition among doctors and hindered the development of new, innovative health care delivery systems, such as HMOs and PPOs. The Supreme Court agreed and forced the AMA to drop its anticompetitive rules.

The DOJ and FTC have provided substantial guidance to health care providers to address their concerns.

In response to concerns raised by providers, the Department of Justice (DOJ) and the Federal Trade Commission (FTC) jointly issued the Statements of Antitrust Enforcement Policy in the Health Care Area. These statements, or guidelines, provide a detailed road map of the analysis that the federal enforcement agencies will apply to the most significant issues facing the health care industry. The guidelines include ''safety zones'' clarifying what types of mergers, joint ventures, and other activities would be considered lawful. The DOJ/FTC have made a special effort to address physician networks and rural health care markets.

For physicians and other providers who have questions about forming integrated networks, the agencies offer opportunities for more specific advice through their business review and advisory opinion letter process. The agencies' business review and advisory opinion procedures allow parties to obtain a statement of the agencies' enforcement intentions before the transaction is implemented. The agencies have committed to providing expedited 90-day reviews. The agencies have also committed to continued monitoring of evolving health care markets so they can respond to changes on an ongoing basis. To date, virtually every physician-sponsored network has been approved.

The health care industry has responded enthusiastically to these initiatives. According to a January 1995 Bureau of National Affairs (BNA) survey of counselors advising providers, the ''almost blanket clearances by the Justice Department and FTC of proposals to create managed care networks is assuaging health care industry concerns about the impact of antitrust law . . .''

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BUSINESS FOR MEDICARE REFORM:
APPWP—THE BENEFITS ASSOCIATION; THE BUSINESS ROUNDTABLE;
THE ERISA INDUSTRY COMMITTEE;
NATIONAL ASSOCIATION OF MANUFACTURERS; NATIONAL BUSINESS COALITION ON HEALTH; U.S. CHAMBER OF COMMERCE,

*October 17, 1995.*

Hon. NEWT GINGRICH,
Hon. WILLIAM ARCHER,
Hon. MICHAEL BILIRAKIS,
Hon. THOMAS BLILEY,
Hon. DENNIS HASTERT,
Hon. GERALD SOLOMON,
Hon. WILLIAM THOMAS.

DEAR REPRESENTATIVES: We are writing as representatives of small and large businesses who have been supportive of your efforts to save Medicare by passing the Medicare Preservation Act. We have been gratified by the commitment you have made to fundamentally restructuring Medicare by drawing on the successful health care reform strategies pioneered by private employers. Moreover, employers have been willing to accept considerable costs in order to save Medicare.

Just a very few years ago, most health care policymakers and analysts believed that the private sector could not contain health care costs. Employers have proved this wrong, by using their purchasing power to create more competitive markets and demanding better care at lower cost. Based on our knowledge of what it took to get this job done, we have important reservations about a limited number of the Medicare Preservation Act's provisions. We are concerned that these provisions would undermine the very strategies that (a) employers have used to control costs and improve quality and (b) the Act uses as the foundation for a new and sustainable Medicare program. We urge you to reconsider these provisions.

Our most important concerns are as follows:

Antitrust Changes for Health Care Providers. We are extremely concerned by the antitrust law changes included in Sections 15021 and 15221 of the Act, which would affect employer-sponsored health plans as well as MedicarePlus plans. We ask that they be stricken.

Unfortunately, organized medicine has a long history of attempting to suppress alternative health care delivery systems. Antitrust enforcement has been an important tool in overcoming this opposition to innovative ways of delivering higher quality care at lower cost. Section 15221's changes to antitrust law would allow organized medicine to engage in a much higher level of anticompetitive activity, thereby increasing costs and reducing the quality of care. In contrast, employers have created the new, competitive health care market and better ways to measure and improve quality under current antitrust law, which also leaves broad leeway for health care providers to collaborate in legitimate self-regulatory activity.

Employers have been able to control costs and improve quality by using their purchasing power to create competitive health care markets. The antitrust law changes in Section 15021 would shift the balance between health care providers and purchasers in favor of providers, undermining employers' ability to be effective purchasers and jeopardizing their hard won victories over health care cost inflation and poor quality care. Putting purchasers at a disadvantage by changing antitrust law risks a return to health care hyperinflation and unaccountability for quality.

Medical Liability Reforms. Employers have long supported medical liability reform, including changes to the collateral source rule. However, the version of collateral source rule reform in the Act eliminates employers' right of subrogation. This shifts the cost of treating injuries caused by a negligent provider from the provider who caused the injury to employers. We urge that you revise the Act to provide for a different version of collateral source rule reform that appropriately prevents double recovery by plaintiffs without inappropriately shifting responsibility for injuries caused by negligent providers to employers.

Medicare Secondary Payer Expansions. The Act expands employers' Medicare secondary payer liability. This does nothing to improve health care efficiency or quality. Rather, it simply shifts costs to private sector payers. Small employers in particular are vulnerable to this kind of cost-shifting. We urge that the expansions of Medicare secondary payer liability be eliminated.

As you know, managed care plans able to efficiently deliver high quality care have played a key role in employers' market-based health reform strategy. No aspect of the Medicare Preservation Act is more important to employers than its treatment of managed care plans. We are gratified that the Act as introduced by Chairman Archer and Chairman Bliley did not include antimanaged care rules. Including antimanaged care rules in the Act would increase costs and reduce quality. Moreover, including antimanaged care rules would directly and adversely affect employer-sponsored health plans as well as MedicarePlus plans, since the same networks will serve Medicare beneficiaries and employer-sponsored plans.

It is our understanding that most of the antimanaged care rules adopted in committee as amendments to the Act have been stricken. (These amendments included restrictions on (1) the criteria health plans may use when selecting providers, (2) efforts to eliminate medically inappropriate emergency room treatment and (3) denial of care that is not medically necessary.) We applaud this result. We urge you to strike the remaining antimanaged care amendment (restricting permissible contractual relationships between health plans and providers) and to continue adhering to the policy of avoiding antimanaged care rules as the Medicare Preservation Act moves through the legislative process.

It also is our understanding that a technical error in the medical liability reforms that would have inadvertently expanded employers' liability by interfering with current grievance procedures provided for under the Employee Retirement Income Security Act has been resolved. We appreciate your efforts to resolve this matter, which is vitally important to employers who voluntarily sponsor health benefits for their employees.

Again, we strongly support your efforts to save Medicare. It is essential that they succeed. However, as representatives of the businesses that originated the strategies that the Medicare Preservation Act is built on, we urge adoption of a few technical changes that would greatly strengthen the Act's ability to achieve its goals. These changes also would eliminate our concerns about the Act's effects on businesses that voluntarily offer health benefits to their employees.

We would be pleased to further discuss these issues with you at your convenience.

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U.S. CHAMBER OF COMMERCE,
BUSINESS FOR MEDICARE REFORM,
*October 23, 1995.*

Hon. WILLIAM V. ROTH, JR.,
*Chairman, Finance Committee,*
*Washington, DC.*

DEAR CHAIRMAN ROTH. We are writing as representatives of small and large businesses that are working hard to control health care costs and improve quality. We have been gratified by the Finance Committee's decision to fundamentally improve Medicare by drawing on the successful health reform strategies pioneered by private employers.

Just a few years ago, most health care policymakers believed that the private sector could not contain health care costs. Employers have proved this wrong, by using their purchasing power to create more competitive markets, demanding better care at lower costs, measuring outcomes and consumer satisfaction, and developing networks through selective contracting with the best providers. Based on our knowledge of what it took to get this job done, we are concerned that potential floor amendments to the Finance Committee bill would undermine the very strategies that (a) employers have used to control costs and improve quality and (b) the bill uses as the foundation for a new and sustainable Medicare program. These potential amendments include antitrust exemptions for health care providers and mandated point-of-service coverage by network-based plans. We strongly oppose these potential amendments to the Finance Committee bill.

The damage that would be caused by adding these amendments to Medicare reform legislation would not be limited to higher Medicare costs and lower quality. Because Medicare is such a large factors in health care markets and because Medicare and employer-sponsored health plans will use the same provider networks, antitrust exceptions for providers and antimanaged care rules would directly harm employer-sponsored plans. Working Americans and their families would face higher costs, reduced coverage and lower quality.

OPPOSITION TO ANTITRUST EXEMPTIONS

One potential amendment would grant an antitrust exemption to medical self-regulatory organizations. Unfortunately, organized medicine has a long history of attempting to suppress coordinated health care delivery systems. Antitrust enforcement has been an important tool in overcoming this opposition to innovative ways of delivering higher quality care at lower cost. An antitrust exemption for medical self-regulatory organizations would allow organized medicine to engage in a much higher level of anticompetitive activity, thereby increasing costs and reducing the quality of care. Notably, current antitrust law leaves broad leeway for health care providers to collaborate in legitimate self-regulatory activity.

Employer-led efforts to improve accountability and quality in the health care system by making data available to health care consumers has been a leading cause of the positive changes in the health care market. This data has become available—often in the face of provider resistance—only because private employees took the initiative to develop it and demand that providers supply it. Granting providers an antitrust exemption, thereby permitting them to monopolize the quality standard-setting process, will seriously erode accountability for quality and value.

Another potential antitrust amendment would grant an exemption to provider-sponsored organizations. Employers have been able to control costs and improve quality by using their purchasing power to create competitive health care markets. An antitrust exemption for provider-sponsored organizations would shift the balance between health care providers and purchasers in favor of providers, undermining employers' ability to be effective purchasers. Putting purchasers at a disadvantage by changing antitrust law risks a return to health care hyperinflation and unaccountability for quality.

OPPOSITION TO POINT-OF-SERVICE MANDATE

A recent Lewin-VHI study found that a point-of-service mandate would add even more to the nation's health care bill than an ''any willing provider'' mandate. Experience confirms a point-of-service mandate's high cost. A study of Florida employers' 1993 health crisis found that point-of-service plans cost over 20 percent more than HMOs. Prohibiting closed-panel plans from participating in Medicare would force even those Medicare beneficiaries who want to enroll in a closed-panel plan—such as the 3 million seniors who already have chosen such plans over the traditional Medicare system—to pay higher premiums.

A point-of-service mandate undermines the entire purpose of Medicare reform. Because the traditional Medicare program is unsustainable, the Finance Committee bill encourages beneficiaries to shift to private health plans. A point-of-service mandate would drive up private plans' costs, encouraging continued enrollment in the government-run system. As a result, Medicare reform would fail to produce a modernized, more efficient Medicare.

Both point-of-service plans and closed panel plans have earned an important place in the market—based on consumers' choices, not government mandates. In fact, employers have found that employee enrollment in closed panel HMOs increased at the same time that point-of-service plan availability and enrollment increased. Market forces rather than government microregulation should determine point-of-service plans' role in Medicare. Certainly, the federal government should not deny consumers the freedom to choose and the savings of private health plans that only contract with selected providers. Moreover, the Finance Committee bill requires all plans that only contract with selected providers, like every other private plan (but not the traditional government-run Medicare program), to meet quality standards.

The Finance Committee made the right choice by keeping antitrust exemptions for organized medicine and a point-of-service mandate out of its Medicare reform bill. We urge you to oppose any floor amendments that would add these provisions, or any other antimanaged care rules, to the Finance Committee's Medicare bill.

NATIONAL ASSOCIATION OF
ATTORNEYS GENERAL,
*Washington, DC, October 26, 1995.*

Hon. NEWT GINGRICH,
*Speaker of the House, House of Representatives,*
*Washington, DC.*

DEAR SPEAKER GINGRICH: As Chair and Vice-Chair of the Antitrust Committee and Chair and Vice-Chair of the Health Care Task Force of the National Association of Attorneys General (NAAG), we are writing to express our concern about two antitrust provisions included in H.R. 2425, the Medicare Preservation Act of 1995. These provisions, sections 15021 and 15221 of the Act, are unnecessary and could frustrate the cost-containment goals of the Medicare legislation. We urge that these provisions not be included in the final Medicare reform package.

The Attorneys General, as chief law officers of their states, are the primary enforcers of the states' antitrust law, and also represent their states and the citizens of their states in federal antitrust litigation. As chief legal officers, the Attorneys General have had and continue to have an important role in the development of national competition policy. We know first-hand that the antitrust laws benefit consumers by protecting competition and promoting efficiency, innovation, low prices, better management and greater consumer choice. Although the Attorneys General as a group have not had an opportunity to consider this legislation, past NAAG policy positions have consistently opposed both new antitrust exemptions and the weakening of antitrust enforcement standards for specific industries.

Section 15221 of the Act provides an exemption from both state and federal antitrust laws for activity relating to medical self-regulation. We believe that inclusion of this provision is inadvisable. Unfortunately, state Attorneys General have had experience with physicians and other health care providers who have engaged in anticompetitive activities, including physicians' attempts to eliminate competition from HMOs, PPOs and allied health care professionals. For this reason, in a 1993 Resolution, the Attorneys General stated their belief that exempting health care providers from the antitrust laws is undesirable. Nor is the exemption contained in section 15221 necessary. Current antitrust law permits collaborative activities, including standard-setting activities, that benefit the public and do not injure competition.

Section 15021 of the Act provides that certain actions of a provider service network or an individual member of that network shall not be deemed illegal *per se* under either federal or state antitrust law, but shall instead be judged under the ''rule of reason.'' We are concerned that this relaxation of antitrust standards could lead to higher prices and fewer choices for consumers. Under current law, *per se* treatment is reserved for the most anticompetitive conduct, including horizontal price-fixing. As stated in a 1986 NAAG Resolution, the Attorneys General oppose new industry-specific antitrust standards because present antitrust standards adequately protect the interests of businesses, as well as consumers, by preventing activities that have no pro-competitive justification. More specifically, in the health care area, the Attorneys General believe that competition promotes more affordable health care, development of innovative new delivery systems, and increased information for health care consumers.

Finally, we are concerned about the broad preemption of state antitrust enforcement, particularly in section 15221, which is not limited to protection of activities within the Medicare program. In a 1994 Resolution, the

Attorneys General opposed preemption of state antitrust enforcement in the health care area because such preemption crodes state sovereignty and threatens the system of federalism established by the Constitution. Health care is predominately a local industry that varies significantly from state to state. The Attorneys General, as chief law enforcement officers, should continue to be able to prevent anticompetitive behavior within each state.

If you have any questions about our views, please feel free to contact us or Emily Myers, NAAG Counsel for Antitrust and Health at (202) 434–8015.

Very truly yours,

J. JOSEPH CURRAN, JR.,
*Attorney General of Maryland, Chair, NAAG Antitrust Committee.*

TOM MILLER,
*Attorney General of Iowa, Vice-Chair, NAAG Antitrust Committee.*

PAMELA FANNING CARTER,
*Attorney General of Indiana, Chair, NAAG Health Care Task Force.*

JEFFREY L. AMESTOY,
*Attorney General of Vermont, Vice-Chair, NAAG Health Care Task Force.*

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NOVEMBER 17, 1995.

DEAR SENATOR. It is our understanding that the reconciliation bill before the Senate includes a number of anti-consumer provisions which may violate the Byrd rule. Those provisions include antitrust exemptions for provider service networks, elimination of laboratory testing standards for most tests performed in physician offices, preemption of state authority to implement consumer protection standards for managed care plans and physician self-referral.

On behalf of the following organizations, we strongly ask that you support every effort to remove these harmful provisions from the reconciliation bill. Inclusion of the items listed above will drive up costs, threaten patient safety and reduce the quality of health care for all Americans.

Sincerely,

AIDS Action Council, American Public Health Association, Church Women United, Citizen Action, Consumer Federation of America, Consumers Union, National Association of Social Workers, National Farmers Union, National Council of Senior Citizens, Neighbor To Neighbor, Public Citizen's Congress Watch, Service Employees International Union.

The PRESIDING OFFICER. The Senator from Florida is recognized for a minute.

Mr. GRAHAM. Madam President, I would like to ask if the Senator from Arizona would please respond to a question. I hope they could be answered ''yes'' or ''no''.

Mr. KYL. If I can.

Mr. GRAHAM. Does this provision relate exclusively to the Federal, or does it apply to State antitrust law?

Mr. KYL. My understanding is that it applies to both Federal and State.

Mr. GRAHAM. Please refer to the bottom line, page 17, No. 2. Does this provision relate exclusively to Medicaid, or does it apply to other forms of health care?

Mr. KYL. It refers only to the Medicare contracts, and the organizations pursuant to obtaining the Medicare contract.

Mr. GRAHAM. I would ask the Senator to refer to 318, paragraph B.

Thank you, Madam President.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the BYRD rule was put into effect—not that it would rule all the time but that it would be waived.

I submit that anybody in this body that wants the Medicare law to work in rural areas, if you talked to anybody in rural areas, they will tell you one of the most important things pending before us, to see that we get delivery in rural areas, is this provision which is being dropped, if we make it subject to the BYRD rule. Because, without it in rural areas there will be no ability for doctors and hospitals in the rural areas to get together and have new units to deliver health care. There will be no competition and no service except for monster HMOs in the rural areas.

We really ought to waive the Byrd rule in this instance.

I yield the floor.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the motion to waive the Congressional Budget Act with respect to the antitrust provision. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 54, nays 45, as follows:

[Rollcall Vote No. 583 Leg.]

YEAS—54

| | | |
|---|---|---|
| Abraham | Faircloth | Mack |
| Ashcroft | Frist | McCain |
| Baucus | Gorton | McConnell |
| Bennett | Gramm | Murkowski |
| Bond | Grams | Nickles |
| Breaux | Grassley | Nunn |
| Brown | Gregg | Pressler |
| Burns | Hatch | Roth |
| Campbell | Hatfield | Santorum |
| Coats | Helms | Shelby |
| Cochran | Hutchison | Simpson |
| Cohen | Inhofe | Smith |
| Coverdell | Jeffords | Snowe |
| Craig | Kassebaum | Stevens |
| D'Amato | Kempthorne | Thomas |
| DeWine | Kyl | Thompson |
| Dole | Lott | Thurmond |
| Domenici | Lugar | Warner |

NAYS—45

| | | |
|---|---|---|
| Akaka | Feinstein | Levin |
| Biden | Ford | Lieberman |
| Bingaman | Glenn | Mikulski |
| Boxer | Graham | Moseley-Braun |
| Bradley | Harkin | Moynihan |
| Bryan | Heflin | Murray |
| Bumpers | Hollings | Pell |
| Byrd | Inouye | Pryor |
| Chafee | Johnston | Reid |
| Conrad | Kennedy | Robb |
| Daschle | Kerrey | Rockefeller |
| Dodd | Kerry | Sarbanes |
| Dorgan | Kohl | Simon |
| Exon | Lautenberg | Specter |
| Feingold | Leahy | Wellstone |

The PRESIDING OFFICER. On this vote, the yeas are 54, the nays are 45. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is not agreed to.

The Chair is prepared to rule on the points of order made by the Senator from Nebraska.

The Chair sustains both points of order.

The question before the Senate is whether the Senate shall recede from its amendment to H.R. 2491 and concur therein with a further amendment. Pursuant to the Budget Act, that amendment is the text of the conference report (House Report 104–350) excluding the provisions stricken on the points of order.

According to the previous order, each leader and each manager have 5 minutes for debate.

Who seeks recognition? Who seeks recognition under the previous order? Under the previous order, each leader and each manager has 5 minutes.

The Senator from Nebraska is recognized for 5 minutes.

(Mr. GORTON assumed the chair.)

Mr. EXON. Mr. President, in a few minutes, the Senate will unfortunately adopt this conference report to the reconciliation bill.

Although I will not vote for the legislation, I certainly want to congratulate Chairman DOMENICI for his leadership and for the many months of yeoman labor that he put in on this piece of legislation. He made the hard choices, some good and, in my opinion, many bad, but he was a true leader of great merit, and I congratulate him.

Mr. President, my colleagues on the other side of the aisle will savor their victory, but I must also say to all Senators that it is time to move on. With victory short lived and the fate of this bill certain, it will soon take its place in veto history.

Mr. President, where do we go from here? In my 17 years in the Senate, I have never seen such a poisonous atmosphere as the one that hangs thick over the Nation's Capitol. The nervous truce that existed in January has collapsed. We are, in the words of President Lincoln, ''a house divided against itself.'' I still nurture the hope that we will find a way out of this morass and that our leaders—especially those in the other body—will set aside pettiness, vanity, and rigid ideology for the good of the Nation. There is no honor in the dishonor that has been brought about by the actions of the last few days and the last few hours.

I firmly believe, with every fiber in my body, that we should balance the budget. So do the American people. It is the stark route that the Republican majority took, however, that cleaves our ranks.

I tell my Republican friends that if we ever can come to an agreement on a balanced budget, we cannot adhere to the current formulas that exist in the conference report. It hobbles any hope that we can redeem our differences in a constructive alliance to balance the budget. But we must keep trying.

I yield my remaining time.

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, fellow Senators, I have a lot of people to thank for this evening. While the Senators on that side do not think it is a very joyous or auspicious occasion, Senators on this side do, and I do. I have waited a long time, as a U.S. Senator, to see this evening arrive. It is truly a historic opportunity for politicians because, as I see it, this was the one chance we have to vote for the future. We have an opportunity every day to vote for something for today, a program for today, something to give to people today. But, essentially, what we are voting on this evening is a vote for the future of this country and for children not yet born and for those who are not yet receiving anything from the Federal Government, but who want an opportunity and have a dream.

We are saying the one thing that makes that more and more difficult is 25 years of fiscal policy that has the United States borrowing as if no one else needed any money, as if those that work, those that need investment did not need money, just the Federal Government needed it. And it was like we were a money tree, America was a money tree, and the money all went to Washington. And when we did not have enough, we borrowed it from foreigners—from Japan, from our banks, from our people. The question is: Who will pay the piper?

We have decided here tonight that the piper will not be our children and grandchildren, but rather in due course, the adults who live today will pay for what we give to our people today and provide a future for our children and grandchildren.

Now, I understand that the President is going to veto this bill, and I have a word for the President. Since he has told us in advance, I would like to tell him in advance. As he sits down with his veto pen, I hope he feels heavy, because on his shoulders is our future and our children's future. As he signs with that left hand of his, he better have something pretty good in mind for our children in the future, because he is throwing away a real legacy of opportunity, and he better be prepared to tell us and tell the American people and tell our senior citizens what he has in mind, because I have not seen anything yet that he has in mind that comes anywhere close to what we are giving to our children and grandchildren here tonight when we vote ''aye'' on this measure.

For those who have voted these many times—58 votes on the budget resolution, and I do not know how many different times—I say to each one of them, your vote was not in vain. And if those on the other side and in the White House think they will use this against us, just think what we are going to use against them if this President vetoes this and we end up with nothing.

For those who are against that, there is a real chance that we will get nothing, except $200 billion in deficits for as far as the eye can see. I also say to those who voted for it, and will vote for it again tonight, you have changed the course of fiscal policy and the way we spend our people's money forever, because no longer will a Budget Committee in the future have its hearings and hear ''there is no way we can cut spending, and we cannot do this and we cannot cut that.''

Well, we have shown that, in a very fair way, we can do what is necessary to get a balanced budget. So we have changed forever the profligacy of a great Nation, and we ought to be proud of it and thankful for it.

To all the chairmen who worked so hard, thank you. I want to close and say to our leader, Senator DOLE, thank you for all the confidence you placed in me. When I had to get things done, you told me ''do them.'' When I needed tough decisions and I could not get the votes, you said, ''Bring them in my office.'' And last, I thank the budgeteers. You have a tough job; you do not get to pass anything except this crazy resolution that cuts everything, but I thank you for your unity and your support. It has been a privilege being your chairman. Thank you very much.

The PRESIDING OFFICER. Under the previous order, the Democratic leader is recognized for a period of not to exceed 5 minutes.

Mr. DASCHLE. Mr. President, I yield 2 minutes to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, this reconciliation bill, from top to bottom, is intoxicated with the fantasy that it is abandoning the welfare state. Mr. President, we do not have a welfare state, we have a safety net for a few poor people. This drives big holes in that safety net. Welfare reform—block grants replace welfare. What it does is take money from Federal pols and give it to State pols. The theory is, if you do not like Washington, you are going to love Lansing, or Trenton, or the State capital. Hardly. What this does is, in the Federal commitment to poor children, 1.2 million more children will be plunged into poverty because of this. The Medicaid block grant. Send it all back to the States. Do not say who is eligible, and do not say what the benefits will be, or how the providers will provide the benefits. Just send the money back.

The only thing we know is that when we pass this bill, 12 million Americans will be uninsured. Uninsured. I predict that, 5 years from now, there will be Medicaid scandals in States where Governors are putting in a health care program that will help their constituencies.

Why are State governments different? They are not. For what purpose? The purpose is that we are giving a gigantic break to wealthy Americans. On the other side, they say, ''Oh, no, only 35 percent of the cut goes to people above $75,000.'' Yes, but they only represent 13 percent of the people. And embedded in this bill for estates of $2.5 million is an $800,000 tax cut. At the same time, we are ripping holes in the safety net, we are giving estates of $2.5 million an $800,000 tax cut. We should say ''no.''

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DASCHLE. Mr. President, I want to commend the distinguished ranking member for the excellent job he has done in representing our caucus and commend all of the Members who have played a role in on our side, as we have debated this bill.

I believe that this is the most dangerous document in America. I believe it is one of the most extreme documents that we have had before this Congress in the time that I have served here. When the lowest 20 percent of the people in this country lose more than all the other 80 percent combined, that is extreme. When the upper 20 percent gain more than all the other 80 percent combined, that is extreme.

When you see the biggest shift in income from the middle class to the top brackets in history—Mr. President, there is no other word to describe it but extreme. When it represents the biggest cut in health care benefits in history, Mr. President, this document belongs in the Guinness Book of World Records.

The American people did not vote to see the kind of change this document represents. No one in this country voted to gut Medicare $270 billion to provide tax breaks for those who do not need them. No one voted to cut Medicaid $163 billion to provide tax breaks for those who do not need them.

The distinguished Senator from New Mexico talked about protecting our children. How in Heaven's name do we protect our children when we cut the legs out from under them in education, in student loans, in nutrition programs, in housing, in virtually every single area of opportunity this country has provided them—how do we do that? How in the name of children can we stand up and support this document?

Mr. President, we can do better than this. The American people now by more than a 2 to 1 margin believe—demand—we do better than this. The President will veto it, and he has good reason to veto it.

We need to sit down together and take the extreme measures out of this document. We need to work to govern better. We need to send a better message to the American people.

We will not gut the investments in people that we have committed to for a long, long time. The most dangerous document in America needs to be vetoed and, indeed, it will be.

The PRESIDING OFFICER. Under the previous order the majority leader is recognized for 5 minutes.

Mr. DOLE. Mr. President, I think probably the most extreme thing that has happened in the last 2 or 3 years is

the $265 billion tax increase passed by this Congress without a single Republican vote. You talk about extremism—that is a good example, particularly when the initiator confesses that he raised taxes too much, the President of the United States.

I believe we have a good package here. We have had a lot of work, and I want to thank, first of all, Senator DOMENICI and the entire Budget Committee, but everyone else on this side of the aisle who have been working the past several weeks to bring us to this moment.

I really believe, and I am sitting here thinking I have cast a lot of votes in the U.S. Senate. I think this is probably the most important one that I will cast, knowing it is not bipartisan. I would like to have it bipartisan. But it is a very important vote. It is a fundamental change in America. It is a fundamental change in direction in this country. I think it is probably the most important vote I have cast in my years in the Senate.

I have never been so certain that we are doing something right—yes, right—for our children, as the Senator from New Mexico pointed out, for our grandchildren, and for everybody else.

It is right for States. Yes, we are giving some power back to the Governors. We are following the admonition of the 10th amendment of the Constitution, part of the Bill of Rights, 28 words in length, that says, in effect, if the power is not reserved to the Federal Government it belongs to the States and to the people. We believe when the people gave us a majority last November, they wanted us to give power back to the States and back to the people.

This bill is right for senior citizens. We will save, preserve, and strengthen Medicare. It will still grow at a rate of 6.4 percent. We believe that is a step in the right direction.

But looking at other beneficiaries, somebody who buys a home will save a lot of money because interest rates will come down. If you buy a car, if you are going to buy farm machinery, if you take out a loan to send your child to college, or if you are trapped in a failed welfare system—not anyone in this body would say we do not have a failed welfare system.

It seems to me that if we are going to promise to end business as usual, we have to start putting up or shutting up. We cannot do all of the things that my colleagues on the other side say—keep spending more money, spending more money, more taxes, more regulations, more government—and ever make a fundamental shift in America.

I hope, again, knowing the bill is going to be vetoed, but I hope the American people know that we are not going to mortgage their future with this bill; that we are going to cut taxes for families with children; we are going to encourage savings and investment and economic growth. We have kept our promise. We kept our promise to shift power out of Washington, DC, to the States, and we have kept our promise there.

I just conclude, because I know there are some of us going to another debate, and some are getting nervous, which is all right with me, but I simply ask the President of the United States to take another look at this product. This is a good product, Mr. President. You ought to sign it. You ought to make up for all the things you have done wrong in the past 3 years and sign this bill. Then you would be right on target again. You would be that new Democrat you wanted to be or thought you were or might have been.

Mr. President, we are doing the right thing. We are doing it because we stuck together, because we kept our promise, and because we love America.

Mr. President, soon after my election to the Kansas State House of Representatives, a reporter asked me whether I had a legislative agenda. And I replied that my agenda was simple—it was to stand up for what I thought was right.

And I have tried to follow that philosophy throughout my career.

In just a few minutes I will vote to approve the Balanced Budget Act of 1995.

I believe the vote is one of the most historic votes ever taken in this Chamber—and certainly the most important one I have cast in my years in the Senate.

And as I cast my vote to approve this landmark legislation, I can say that I have never been so certain that I am standing up for what's right.

I have never been so certain that the U.S. Senate is standing up for what is right.

Mr. President, the Balanced Budget Amendment Act of 1995 is right for America's future.

It is right for the American people.

It is right for our children and grandchildren.

It is right for our States, our cities, and our neighborhoods.

It is right for our senior citizens.

It is right for every American who is saving to buy a home.

It is right for every American who is buying a car.

It is right for every American who takes out a loan to send a child to college.

It is right for those trapped in our failed welfare system.

Mr. President, last fall, Republicans asked voters to give us a majority on Capitol Hill. And we left absolutely no doubt about what we would do if we got that majority.

We promised we would put an end to business as usual. Tonight, Americans know that we have kept our promise.

We promised to stop the mortgaging of our children's and grandchildren's future, and to put America on a path to a balanced budget. Tonight, Americans know that we have kept our promise.

We promised to replace our failed welfare system with one based on the principles of work, family, and personal responsibility. Tonight, Americans know that we have kept our promise.

We promised to cut taxes for America's families, and to encourage savings, investment, and economic growth. Tonight, Americans know that we have kept our promise.

We promised to shift power out of Washington, DC, and to return it to where it belongs—our States, our cities, and our people. And tonight Americans know that we have kept our promise.

A balanced budget. True welfare reform. Lower taxes. More freedom and power for our States, our cities, and our people. That's what Republicans are all about. And that's what this bill is all about.

President Clinton has said that he will veto this bill. He will, as is his habit, stand in the way of change. And I would simply say to the President to take another look at this bill.

We are told that the President's pollsters are advising him that the American people have concluded that his actions don't match his words. By signing this bill, President Clinton would prove that his actions do match his words on a number of issues.

President Clinton has told the American people many, many times that he is for a balanced budget.

He said on June 4, 1992 he would balance the budget in 5 years.

He said on May 20, 1995, he could balance the budget in less than 10 years.

He said on June 13, 1995, he would take 10 years.

And on October 19, 1995 he said he could balance it in either 7 years, 8 years, or 9 years.

Despite these claims, President Clinton did everything he could to defeat a balanced budget amendment, and the Congressional Budget Office— which the President has previously endorsed as an honest scorekeeper—has said that the budgets the President did propose left us with $200 million in deficits far into the next century.

President Clinton said in 1992 that he would end welfare as we know it. Yet, he admitted recently that the only welfare bill he proposed was a disappointment.

The President promised in 1992 that he would give middle-class Americans a tax cut. Yet, in 1993 he gave America the largest tax increase in history.

The President said that he wants to prevent Medicare from going bankrupt, as three of his Cabinet members have projected it will do within 7 years. Yet, he has refused to work in a bi-partisan manner with Republicans to save Medicare. Instead, according to a remarkable editorial in the Washington Post, the President has ''shamelessly used the Medicare issue * * * demagogued on it * * * and taken to the airwaves with a slick scare program.''

So, Americans have every reason to be confused. Just where does the President stand on balancing the budget? Where does he stand on reforming welfare? Where does he stand on cutting

taxes for America's families? Where does he stand on saving Medicare?

The President's decision on this bill will, once and for all, clear up all confusion. Because by signing this bill, the President will finally allow his actions to match his words. But by vetoing it, he will make very clear that he is against a balanced budget, and the benefits it will bring. He is against welfare reform. He is against tax reduction. He is against saving Medicare.

And by vetoing this bill, the President will be against many other provisions. He will be against a capital gains tax cut. He will be against putting an end to the marriage penalty tax. He will be against medical savings accounts. He will be against adoption tax credits. He will be against helping Americans who provide care to their parents.

Now, when President Clinton vetoes this bill, he will shake his head, and he will say what many of his liberal allies have said today. He will say that he would like to sign this bill, but it's just too harsh. He will say that we are cutting spending on programs for the less fortunate among us. He will say we are cutting Medicare. He will say our tax cuts favor the business community.

He will say all that again and again. And he will be wrong every time he says it.

He will be wrong because this bill does not cut overall Federal spending—it allows it to grow by 22 percent over the next 7 years.

He will be wrong because this bill does not cut Medicare. In fact, Medicare will continue to grow at a rate of 7.7 percent a year.

He will be wrong because this bill does not cut programs to the needy—it allows 34 percent growth over the next 7 years.

He will be wrong because total funding for student loans will be increased by nearly 50 percent over the next 7 years.

He will be wrong because 73 percent of the tax cuts in this bill will help families throughout their lives.

Those are the facts. The President will try his best to obscure these facts with emotional rhetoric. In fact, the Democrat National Committee already has a television commercial on the air trumpeting the President's so-called balanced budget proposal, and saying that the Republican plan will cut Medicare.

It's a nice commercial with catchy music, but not a word of it is true. As I have said, the President has never submitted a budget anywhere near balance. And the Republican plan increases Medicare spending.

Mr. President, I'm from a farm State, and I want to say to the farmers of Kansas and the farmers of America that this bill is also important to them.

Since the days of Franklin Roosevelt, the Government has been in the business of telling farmers how to farm. Under this bill, that will end, and beginning in 1996, farmers will be planting for the market place.

Under this bill, farmers will have full planting flexibility, elimination of set-asides, program simplicity, and a farm policy that transitions farmers into the next century without disrupting the farm economy or land values.

While I am concerned about farmers receiving payments in good years, I am pleased we were able to cap the entitlement spending of agriculture programs. We accomplish this goal through a declining transition payment which is guaranteed to the farmer. In exchange, farmers will be required to maintain their land conservation efforts in both good and bad years. And this bill also protects family farms by providing some much needed estate tax relief.

Mr. President, let me conclude by saying that I know that the American people have wondered about the events taking place in Washington this week. They have wondered why the Government was shut down. They have wondered why Congress and the White House aren't talking to each other.

Well, as I have said many times this week, I wonder why we haven't spent more time talking to each other. And I remain ready to talk with the President any time to put all Federal employees back to work.

But I also would tell Americans that if ever there was a debate you wanted your elected Representatives to have, this is it. This is it. Because we are debating your future. We are debating the future of your children and grandchildren. We are debating the future of America.

I speak for all Republicans in saying that, as we approach Thanksgiving, we are thankful to have the opportunity to stand for something.

We are thankful to have the opportunity to stand for fundamental change.

We are thankful to have the opportunity to stand for a better future for the next generation of Americans.

And let me close by saying—and I know I speak for all Members of the Senate—that we are thankful that we have the opportunity to serve with a Senator as courageous and committed as PETE DOMENICI, and I salute him for his many years of leadership in support of a balanced budget.

Mr. President, let's do the right thing for America's future. Let's pass the Balanced Budget Act of 1995.

The PRESIDING OFFICER. The majority leader is informed the yeas and nays have not been ordered.

Mr. DOLE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to recede from the Senate amendment to H.R. 2491 and concur thereto with an amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 47, as follows:

[Rollcall Vote No. 584 Leg.]

YEAS—52

| | | |
|---|---|---|
| Abraham | Gorton | McConnell |
| Ashcroft | Gramm | Murkowski |
| Bennett | Grams | Nickles |
| Bond | Grassley | Pressler |
| Brown | Gregg | Roth |
| Burns | Hatch | Santorum |
| Campbell | Hatfield | Shelby |
| Chafee | Helms | Simpson |
| Coats | Hutchison | Smith |
| Cochran | Inhofe | Snowe |
| Coverdell | Jeffords | Specter |
| Craig | Kassebaum | Stevens |
| D'Amato | Kempthorne | Thomas |
| DeWine | Kyl | Thompson |
| Dole | Lott | Thurmond |
| Domenici | Lugar | Warner |
| Faircloth | Mack | |
| Frist | McCain | |

NAYS—47

| | | |
|---|---|---|
| Akaka | Feingold | Levin |
| Baucus | Feinstein | Lieberman |
| Biden | Ford | Mikulski |
| Bingaman | Glenn | Moseley-Braun |
| Boxer | Graham | Moynihan |
| Bradley | Harkin | Murray |
| Breaux | Heflin | Nunn |
| Bryan | Hollings | Pell |
| Bumpers | Inouye | Pryor |
| Byrd | Johnston | Reid |
| Cohen | Kennedy | Robb |
| Conrad | Kerrey | Rockefeller |
| Daschle | Kerry | Sarbanes |
| Dodd | Kohl | Simon |
| Dorgan | Lautenberg | Wellstone |
| Exon | Leahy | |

So the motion was agreed to.

Mr. COATS. Mr. President, I move to reconsider the vote.

Mr. KEMPTHORNE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER Mr. President, I will make a unanimous-consent request to the Republican side. I anticipate, as they did last night, they will once more object.

I would ask that there be order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. The Senator from California was propounding a unanimous-consent request but no one could hear.

The Senator from California.

Mrs. BOXER. Mr. President, in about 3 minutes I will offer my unanimous-consent request. But I do appreciate your getting order in the Chamber so that I can make a comment very briefly for a minute on another matter, and then talk about my unanimous-consent request.

## THE OKINAWA RAPE

Mrs. BOXER. Mr. President, I think many of us were shocked to read today that the commander of U.S. forces in the Pacific called the recent rape of a 12-year-old Okinawan girl ''absolutely

stupid,'' and said Friday the incident could have been avoided if the U.S. servicemen had simply paid for sex. The commander of the Pacific fleet in essence said, if they had taken the money that they spent to buy a van, they could have bought a girl.

Mr. President, that is a sickening statement, and I want to commend my colleague from California, Senator FEINSTEIN, for responding very quickly when she heard of this. And what she said is very important. What she said is that rape is not about sex, and it is not about money. It is a violent act.

I am very pleased that on the floor this evening is the author of the Violence Against Women Act, Senator BIDEN of Delaware. I was so honored when I was in the House to be coauthor and carried the bill on that side, and after many years the bill became law.

But I say to my colleagues that until this attitude changes, until people view rape as a violent act—it is about power, it is about the abuse of power—then we are never going to make any progress.

For the commander of the Pacific fleet to have said this—and he did apologize, I am happy to say—it is extraordinary. I only hope that the Secretary of Defense will take proper action in this matter.

Mr. President, I know others will speak about this tonight. But I am going to shift very briefly to another subject.

## NO BUDGET–NO PAY

Mrs. BOXER. Mr. President, we are in day 4 of the partial shutdown of the Federal Government. It is causing harm to many people in this country who require and need the services of the Federal Government, be they veteran, be they the elderly, or be they the business community. One example is someone desperately needed a passport in order to conduct some very important business for a small business, was denied it, and missed a chance maybe at the American dream. So we are dealing with a very serious circumstance.

There is 1 Federal employee who is getting paid during this period. They are all getting docked except for the Members of the Senate and the Members of the House.

I took to the floor last night with Senator Snowe and Senator HARKIN to protest this situation. Where we stand is that the bill, the no budget-no pay bill, is stuck in the DC conference. And who knows? It may never emerge because the Speaker of the House is not pushing the no budget-no pay bill.

Senator Snowe and I authored another bill, and we have been trying to get it before this body. The Republican side of the aisle has objected. Maybe they will not object tonight. Last night, the excuse was, gee, everyone had to go home. We cannot take it up. Well, what about today? We waited. Senator Snowe was working hard to get it through. We could not get it.

Some of my colleagues are making charitable contributions. Some are leaving their money in escrow. Some are giving it back. And that is noble. But this is not about the good guys doing something; this is about institutional failure.

In case, my colleague, you want to know what people think about this, look at the poll in the San Francisco Examiner. They put out a telephone poll, and it came back today. Eighty-nine percent say we should not get our pay during the shutdown. By the way, they included the President, which our bill includes, and 11 percent say we should. That 11 percent maybe is our relatives.

But I have to tell you. This is a total and complete outrage. We should be treated like every other Federal employee. Our staffs are working into the night, and they are being docked. But not us.

So I ask unanimous consent that the Senate immediately proceed tonight to the Snowe-Boxer bill. I make that request.

Mr. LOTT. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mrs. BOXER. Further, since it has been objected to, I ask unanimous consent that we go to the Snowe-Boxer bill the first thing in the morning.

Mr. LOTT. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mrs. BOXER. Let me just say, is the time mine, Mr. President?

The PRESIDING OFFICER. There is no time. The Senator from California has the floor.

Mrs. BOXER. Thank you very much. I want to express my disappointment and my despair of this. We should not treat ourselves better than our own staff. We should not treat ourselves better than the good people who work for the Federal Government. I think now that we finally have seen the light here. There was an objection yesterday, there is an objection today, there is an objection for tomorrow, and I will be back in the morning making the same unanimous-consent request.

I am sad to say—I thought the Senate was bipartisan on this. Senator SNOWE has 27 Members in a bipartisan way on this bill, but you hear objection from the leadership, the Republican leadership, of the Senate. And I hope people let them know that they are wrong, that this is wrong.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. I will be brief. I know the Republican whip wants to speak.

Mr. President, I do not want to repeat what I said last night. I agree with Senator BOXER, Senator SNOWE, and Senator HARKIN about the fact that we should not be getting paid. I will not elaborate. I think it speaks for itself. It is clear.

## THE OKINAWA RAPE

Mr. BIDEN. Mr. President, I want to speak very briefly to something that was called to my attention only an hour or 2 hours ago. That is, according to the wire services, Admiral Macke said, and I quote, with regard to the case where two Marines and a Navy seaman are on trial in Okinawa on charges that they abducted a 12-year-old girl on September 4 in a rental car, drove her to a secluded sugar cane field where one of the persons, Seaman Marcus D. Gill, admitted in court that he had raped the girl.

In response to that incident, which has international consequences for us, it is probably the most significant disagreement we have had with Japan, including trade agreements, caused as much of a stir and outrage, and understandable stir and outrage, on the part of the Japanese.

This admiral, probably one of the two or three most visible people known by name in Japan, because he is head of the Pacific Fleet, instead of him getting off of his ship, getting in a car and going to wherever the hell that family or the relatives of that child lived, and begging the forgiveness on the part of this Nation for something in the nature that occurred back when Attila the Hun came down into Japan and raped and pillaged centuries ago, instead of doing that, this fellow says—if this is true, this guy should be disciplined. If any one of us said this, it would be enough, in my view, for the voters to never vote for us again. If it were a Cabinet Member, we would probably dismiss them. We have had Cabinet Members dismissed for less insensitive things than this.

He says—if this is true, because what the press says is not always true; so that is the one caveat that I will make—but if he said, ''I think that it was absolutely stupid, I've said several times,'' Macke said, ''for the price they paid to rent the car they could have had a girl.''

I realize I am accused, rightfully so, by my colleagues on occasion of being a little too emotional, but I want to tell you, if that were my daughter and that admiral said that, I would go find the son—I would go find him. I would look for him. I would—it would not be right; I would be wrong; it would be a violation of law—but I would find him and rip his ears off, if I could, or get killed in trying.

Mr. MCCAIN. Will the Senator yield?

Mr. BIDEN. I will yield to my friend from Arizona.

Mr. MCCAIN. I share my friend's anger. Where was this—how was this report carried?

Mr. BIDEN. Mr. President, it is carried by the AP Wire Service. Date: The 17th, today, 19:22 hours, Eastern Standard Time, Copyright 1995. All rights reserved, AM——

Mr. MCCAIN. I thank my friend. The AP.

Mr. BIDEN. Again, I will publicly apologize—I want to make this caveat.

If he did not say this, then this is unwarranted, what I am saying. But I just do not think that after all the time and all the effort we have made here, the men in the Senate—not just the women in the Senate—the men in the Senate, the people on this floor, to deal with the Violence Against Women Act, which is all about changing attitudes—and my friend, the Senator from the State of Arizona, I know how he feels about these things. I know how he votes on these things. I know how the Senator from Mississippi and the Senator from Iowa feel about this. We have tried very hard to change attitudes, attitudes about women and whether or not women are property, whether or not women are ''our woman,'' whether or not we men have a right to ever touch them. That has been a central debate in this Nation.

And to have one of the highest ranking military officers of the United States of America saying—in command of thousands of young, impressionable men—that his response to this tragedy, instead of being an instinctive gut-wrenching anger and empathy, is, ''They could have gotten a girl.'' Why would he do this? That is simple. Unfortunately, we know a fair number of people think like this. ''This is kind of dumb. If they wanted sex, they could have gotten and bought it in Okinawa for the price they rented the car. That is a reasonable calculation, is it not?''

And until recently, the last decade or so, that was kind of an accepted notion. ''We should think of these things logically.'' Well, my God, it is absolutely—I mean, all the debates that we have had on the floor, all the times—and, Mr. President, if there is anyone who is guilty of ''hoof in mouth'' disease, if there is anyone who has stuck his foot in his mouth more than this Senator, if there is anybody that has made more verbal faux pas than me, I do not know.

I challenge anyone to think, in 23 years, of any time I have gotten up on the floor and criticized someone like this for misspeaking, because I am a champion at it, I have made a career of it, unfortunately, but, thank God, never on something like this, never on something that has affected someone, affected the representation of the philosophy of a nation.

Mr. HARKIN. Will the Senator yield?

Mr. BIDEN. I will be glad to yield.

Mr. HARKIN. I thank the Senate for bringing this to my attention. I never heard of this, like the Senator from Arizona. I can say, as someone who spent 4 years in the Navy ROTC, 5 years as a Navy pilot on active duty, 3 more years in the Active Reserve flying for the Navy—that adds up to a lot of time in the Navy—I have an instinctive pride in the Navy. We all do, those of us who served. And I love the Navy. I love its rich history. But I must say to the Senator from Delaware, that if this is true—I just heard this; I went over and read the AP wire report that the Senator had—I say, if this is true, if this is what Admiral Macke said, I would go the Senator one better. It is not that he should be disciplined. Our Commander in Chief, the Commander in Chief of the Armed Forces of the United States, which is the President of the United States, ought to bring him to Washington and publicly strip him of his rank and take away his commission in the U.S. Navy.

The Commander in Chief of the Armed Forces, the President of the United States, has the power to do that. And I call upon President Clinton, if this is true—and I share the Senator's thought—I want to make sure that he actually said that. If Admiral Macke said that, I call upon President Clinton to bring Admiral Macke to Washington, strip him of his rank, take away his commission, and deny him all the benefits that he has accrued as a naval officer to send a signal to every other naval officer that this kind of action, this kind of attitude, will never be tolerated again in the United States Navy.

I thank the Senator for bringing this to our attention. It is a sad day for those of us who so dearly love the United States Navy.

Mr. BIDEN. Mr. President, I will not take any more time—I see the Republican leader—except to say it was not—I cannot take credit or blame for bringing this to the attention of the Senate. It was the Senator from California. But let me just say, to look at it the other way around, let us assume that Japanese troops—let me give it an analogy. When the Prime Minister of Japan made a reference several years ago that the reason why we were not productive is because of race relations with our black population, this country, understandably, was in a furor. And it ended up being one of the elements to bring down that Prime Minister in his own country.

Let me just ask the rhetorical question—and I will yield the floor after I do—what do we think we would do if a 12-year-old girl was driven to a cornfield in any one of our States by three Japanese servicemen stationed in the United States of America, was brutally raped, and one of the Japanese sailors saying, ''I did it,'' in open court, and then the commander of the Japanese fleet, sitting off of San Diego, said in an interview with American reporters, that ''This was stupid on the part of the Japanese sailors. All they had to do was, for the money they had to rent a car in San Diego, they could have went and gotten a girl and had her''?

Can you imagine the indignation of this Nation? There would be every other Senator on the floor of this Nation demanding a public apology and action taken against that admiral. I just think sometimes we do not understand that what is good for the goose is good for the gander. We do not understand how people feel. We never put ourselves in their shoes.

And I will say, if we had a problem with United States-Japanese relations before, as a consequence of this rape, just what are they now? Purely in terms of the United States naked self-interest in the relations with Japan, what has this guy done, if this is true?

I think it is deplorable. I do not know—I am not as certain as my friend from Iowa what the appropriate action is—but I just think as a Nation, we should be publicly apologizing to the people of Japan and we should be publicly vilifying anyone who says things like this.

I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

## THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, on that evening in 1972 when I first was elected to the Senate, I made a commitment to myself that I would never fail to see a young person, or a group of young people, who wanted to see me.

It has proved enormously beneficial to me because I have been inspired by the estimated 60,000 young people with whom I have visited during the nearly 23 years I have been in the Senate.

Most of them have been concerned about the total Federal debt which is slightly in excess of $11 billion shy of $5 trillion (which will be exceeded later this year). Of course, Congress is responsible for creating this monstrosity for which the coming generations will have to pay.

The young people and I almost always discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.

That is why I began making these daily reports to the Senate on February 25, 1992. I wanted to make a matter of daily record the precise size of the Federal debt which, at the close of business yesterday, Thursday, November 16, stood at $4,989,792,104,452.15 or $18,941.34 for every man, woman, and child in America on a per capita basis.

The increase in the national debt since my report yesterday (which identified the total Federal debt as of close of business on Wednesday, November 15, 1995) shows an increase of $1,452,054,077.58. That increase is equivalent to the amount of money needed by 215,311 students to pay their college tuitions for 4 years.

## THE NATIONAL HIGHWAY SYSTEM DESIGNATION ACT

Mr. KEMPTHORNE. Mr. President, I rise to voice my support for the National Highway System Designation Act of 1995.

It shows Congress' continued commitment to returning authority to our partners in State governments. On March 22, President Clinton signed into law Senate Bill 1, a bill to stop unfunded Federal mandates on State and

local governments. At that time, this country's elected leaders affirmed their belief in the 10th Amendment.

The National Highway System bill continues that commitment by stopping not only future mandates, but by addressing current mandates. In fact, section 205, ''Relief from Mandates,'' speaks clearly to that concern.

The No. 1 issue for the Idaho Department of Transportation in this bill is the suspension of the Management Systems provision that burdens them with onerous paperwork requirements. They're spending valuable time and resources on federally-mandated paperwork instead of doing the work on roads, bridges and other needed projects. This bill frees the States from excessive Federal bureaucracy.

S. 440 removes the federally-mandated crumb rubber asphalt requirement. In some States, like Idaho, crumb rubber in road surfaces just doesn't work. The climatic conditions aren't right. That's not to say crumb rubber won't work somewhere else. In this bill we turn the mandate into a grant program to encourage pilot projects so any State that wants to utilize recycled tires in their road projects may do so. But the key is, the States will have that option. I need to congratulate Chairman CHAFEE for developing this innovative grant program.

This legislation also allows States to set their own maximum speed limits. Some will argue that this is a threat to public safety. I say this is not anti-safety, it's pro-States rights. We have 50 governors, State legislatures, and law enforcement agencies that can determine what is the best and safest for their citizens. They care just as much as those of us in Washington, DC do about safety. But there are parts of Idaho where conditions may permit a different speed limit. Congress must let those local authorities decide what's best.

Another mandate we eliminate is the penalties for non-compliance of motorcycle helmet laws. Now I'm not one to advocate unsafe usage of any motor vehicle, but I think it's wrong to blackmail a State by threatening to withhold Federal highway funds if they don't strictly enforce a Federal helmet law. Once again, State police authorities and lawmakers in each of our 50 States knows what's the best for their residents.

S. 440 establishes designation of thousands of miles of highways under the Federal system, making them eligible for Federal funding—$6.5 billion in highway funds will be released to States as soon as this bill is signed into law. Under this bill, States will be able to address their most pressing highway and bridge repair and construction projects. Nearly 90 percent of all American residents will live within five miles of an NHS route. That is good for rural States like my home State of Idaho. Improved and efficient road systems will speed up commerce and trade and will be an economic boon for our cities, counties and businesses.

Another benefit for the motoring public is the public-private partnership for safety. S. 440 allows public companies to install emergency roadside telephone call boxes. I'm pleased that the conferees accepted my amendment requiring at least 20 percent of those call boxes be installed in rural areas. My State of Idaho has hundreds of miles of isolated highways. In many of these areas, a phone could be a lifesaver for a stranded motorist. I would like to see more of these partnerships utilized by this Congress to meet important needs.

Finally, Mr. President, I'm proud that this bill finally provides funding for the National Recreational Trails Act. I take great pride in completing the task begun by my good friend and predecessor, Steve Symms, who is the author of the Recreational Trails Act. Unfortunately, Congress has been collecting money from off-road vehicle gasoline taxes for this program, but has not made it available for trails. This bill provides $30 million over the next 2 years for States to build, repair, and maintain hiking, biking, snowmobile, equestrian, and off road vehicle trails. States will also have the money too for recreational trails that are accessible to our disabled citizens.

I hope the President signs this bill. It is a winner for all Americans. And, it does not raise one dime in taxes. This bill utilizes the funds already collected from our nation's motorists and deposited in the highway trust fund. We need to get those dollars out of the bank and into the States where they can do the most good.

## A TRIBUTE TO TERI ELLIS

Mr. PRESSLER. Mr. President, I rise today to extend my congratulations to Teri Ellis, an exceptional South Dakotan. President Bill Clinton recently named Teri the travel and tourism employee of the year.

Teri is executive director of the Sioux Falls Convention and Visitors Bureau. I am not at all surprised that Teri has been chosen for the award. Teri has shown extraordinary dedication and service in promoting the South Dakota tourism industry. Teri also has been a tireless promoter of the convention center currently being built in Sioux Falls, SD. She believes that the tourism industry must remain competitive, convenient, and have a thorough marketing plan. She is absolutely right.

The tourism industry plays a vital role in the economic development of South Dakota. Tourism has been very important to my State in the past and will continue to be in the future. I can say with confidence that South Dakota tourism will thrive for years to come because Teri Ellis will continue to be a strong force in a thriving and productive tourism industry for South Dakota and the Nation. I thank Teri for her great work on behalf of South Dakota tourism and wish her continued success.

Mr. President, I ask unanimous consent that an article be printed in the RECORD from the Sioux Falls Argus Leader acknowledging Teri Ellis' recent award.

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

[From the Sioux Falls Argus Leader, Oct. 31, 1995]

PROMOTER NAMED TOP EMPLOYEE BY CLINTON

(By Brenda Wade Schmidt)

A Sioux Falls promoter was named travel and tourism employee of the year Monday by President Bill Clinton.

Teri Ellis, executive director of the Sioux Falls Convention & Visitors Bureau, was in Washington, D.C., at the White House Conference on Travel and Tourism, the first for the Clinton administration. Fourteen people from South Dakota attended the convention of 1,700 delegates.

Ellis, 42, was chosen for the award for her dedication, service and performance in promoting the industry.

Clinton spoke to the group about the value of the tourism industry in the United States, Ellis said. ''There was an acute awareness of what the industry is all about,'' she said of the speech.

Clinton spoke about creating a stronger national marketing plan for travel and tourism, she said. At the end of the conference today, the delegates will use a computerized survey to vote on priorities for the country, she said.

Ellis, who has been a tireless promoter of the convention center being built in Sioux Falls, said three areas are important to tourism success.

Be competitive. Travelers want convenience. Have a thorough marketing plan. ''Those three things are what I just keep hearing over and over again,'' she said.

## AMBASSADOR JOSEPH VERNER-REED— STATESMAN AND U.N. HISTORIAN

Mr. PRESSLER. Mr. President, as the United Nations celebrates 50 years in operation, I am reminded of the rich history of the international organization—a history filled with challenges, criticism, and hope for many war-torn areas of the world. As my colleagues know, I have been a supporter of the U.N. as well as an outspoken critic of its wasteful and abusive management practices. While waste, fraud, and abuse still run rampant within the world body, these mismanagement practices should not overshadow the valiant efforts of dedicated public servants to do the right thing at the United Nations.

Ambassador Joseph Verner-Reed, U.N. Under-Secretary-General for Public Affairs, is one such committed public servant. Throughout his many years at the United Nations, he has worked tirelessly to promote peace and stability in our chaotic world.

During his service to the United Nations, the Ambassador has compiled a wealth of knowledge about the United Nations and its history. In response to the golden anniversary of the United Nations, Greenwich Magazine talked

with Ambassador Reed about what he viewed to be the most notable events of the U.N.'s past 50 years. The Greenwich Magazine recently published the Ambassador's rich, detailed account of U.N. history. For example, Reed describes the famous 1960 Khrushchev shoe-banging incident and the time in 1994 when the United Nations monitored the historic, peaceful elections in South Africa following the end of Apartheid.

I can think of few others who could offer a better account of historical events at the United Nations than Joseph Verner-Reed. He is a devoted man, who cares deeply about the United Nations and the people it serves around the globe. Mr. President, in tribute to my friend, Ambassador Reed, I ask unanimous consent to place Tanya Hochschild's article, ''Highlights of U.N. History'' from the Greenwich Magazine in the RECORD.

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

[From the Greenwich Magazine, May 1995]

HIGHLIGHTS OF U.N. HISTORY

(By Tanya Hochschild)

Television brings the world's wars into our living rooms and we witness the horror. In the last five years, we have watched a brutal war in Bosnia, been with our troops as they landed on the beach in Somalia, seen the hell of Rwanda and Liberia, the crises in the Middle East and in Haiti. These images remind us we live in an unstable world, a world of violence, of human abuses and inhumanity.

In the eye of these international storms is the United Nations, monitoring, intervening, trying to keep the peace. This year the world organization celebrates its golden jubilee. Yet many who have seen the slaughter have less than an enthusiastic response to the efficacy of the U.N. during the past fifty years. These are not the sentiments, however, of Ambassador Joseph Verner Reed, under-secretary-general for Public Affairs at the United Nations and one of the highest ranking American officials at the world organization. (The ambassador had served as under-secretary-general for Political and General Assembly Affairs and Secretariat Services from 1986 to 1988, when he was asked to be chief of protocol by President George Bush. He had previously served President Reagan as ambassador to Morocco.)

Relaxing at his home, Denbigh Farm in backcountry Greenwich, Ambassador Reed talked about some memorable moments in the history of the United Nations. He considers himself a citizen of the world, with his first allegiance to the world organization. ''I want to be very clear. I will always serve as an international civil servant, so my optic is different from that of a U.S. national.''

On the occasion of the fiftieth anniversary of the United Nations, Ambassador Reed found it both difficult and easy to limit his reflections to only a few highlights in its history. Difficult, because he is so unabashedly a proud and enthusiastic U.N. man—and has such a fund of stories, whose telling remind him of ten others. Easy, because he is a consummate diplomat, courteous, elegant, knowledgeable. A man whose acuity and aplomb enables him to communicate succinctly all he wants you to hear. Nevertheless, when pinned down, he mentioned eight significant dates:

December 10, 1948.—The General Assembly adopts the Universal Declaration of Human Rights.

The United Nations has helped enact agreements on political, civil, economic, social and cultural rights. Complaints of human rights abuses are investigated and the U.N. Human Rights Commission has focused the world's attention on cases of torture and arbitrary detention.

''That document is a benchmark of success, one of the great pieces of high thinking for our planet,'' said Ambassador Reed. ''It set a standard for other declarations such as the one on women's rights, which improves the quality of life for women in over 100 countries. Programs helped raise the female literacy rate in developing countries from thirty-six percent in 1970 to fifty-six percent in 1990.''

October 24, 1949.—Cornerstone laid for United Nations headquarters in New York City.

While Ambassador Joseph Verner Reed is a dedicated international civil servant, he expresses sentiments about his own country that leave the listener in no doubt as to his feelings about the United States.

''Every American, man, woman and child should be very proud of the incredible contribution the United States has made to the United Nations. Our country, the host country, has played a pivotal role in the management of the world organization, not the least of which has been assuming obligation for twenty-five percent of the regular budget. In 1948 Congress approved an interest-free loan of sixty-five million dollars for the headquarters building. The site is a gift (tax deductible, yes) from the Rockefellers.''

November 6, 1956.—The first U.N. peace-keeping force established.

''Obviously peace keeping is an extraordinary success, and an ongoing attempt to meet the challenges of a troubled world,'' the ambassador said. ''We have thirty-five peace-keeping observer missions and seventeen peace missions currently active around the world, made up of 80,000 people, the most there has ever been.''

The ambassador spoke of his concern in conveying to the general public the importance of the U.N.'s peace-keeping accomplishments—in Kashmir, the Congo, Cyprus. He recalled a ''wonderful'' response of Boutros Boutros-Ghali to a question on Cyprus: ''Whatever it has cost [in terms of peace keeping], it's a great deal cheaper than if Turkey and Cyprus and Greece had gone to war.''

''There are certainly problems—in Somalia and Bosnia,'' the ambassador said. ''Yugoslavia is a nightmare, but you have to view the tough points, tough years, tough arenas and tough skirmishes along with the successes. Golan Heights, El Salvador were great successes.''

The U.N.'s peace-keeping budget is an indication of both the magnitude of the problem and the efforts to solve conflicts. Two years ago, he pointed out, the budget was $280 million. This year it is $3.5 billion.

In an interesting aside, the Greenwich resident also noted that eighty percent of the media's coverage of the work of the United Nations is on peace-keeping forces and only twenty percent on its efforts in economic and social development. ''One could argue slightly on the percentage points, but I will say categorically that twenty percent of the work of the U.N. is peace keeping and eighty percent, economic and social development. I think the world's views are guided by CNN.''

In recognition of its accomplishments, the United Nations Peace-keeping Force was awarded the Nobel Peace Prize in 1988, joining the ranks of other Nobel Prize winners: the Office of the United Nations High Commissioner for Refugees; the United Nations Children's Fund; and U.N. individuals Ralph Bunche, Lester Pearson, Dag Hammerskjöld and others.

September 1960.—Seventeen newly independent states, sixteen of them African, join the United Nations, the biggest increase in membership in any one year.

''The key number one success of the U.N. has been as the midwife of history.'' Ambassador Reed said.

''Take Africa as an example, Ethiopia, South Africa, Liberia and Egypt (included on the continent) signed the original charter in 1945—only four African countries—and now we have fifty-one member nations from Africa. That's an amazing statement right there! The independence! The bursting of sovereign states!''

October 12, 1960.—Khrushchev bangs shoe on desk—media reaction ecstatic. As proof positive, Ambassador Reed pointed out that a photograph of that occasion is one of the most sought-after pictures in the world, and almost impossible to get.

Truculence was Khrushchev's style, which proved to be more atmosphere than substantive. Most people recall the incident as the behavior of a reckless peasant in an establishment priding itself on restraint and decorum.

Ambassador Reed considers it an unfortunate reaction flashed around the world, one that makes for good anecdotes in a course on public diplomacy. ''From a protocolary point of view, I think the world was aghast.''

October 25, 1971.—General Assembly seats representatives of the People's Republic of China.

''The Republic of China, commonly known as Taiwan, was voted out of the General Assembly and replaced by the People's Republic of China (mainland China). This was a major event for the United Nations and a turning point for the world organization. I do remember as a young international banker saying over and over again that some formula has to be worked out here to recognize this behemoth.''

April 27, 1994.—Apartheid ends in South Africa. U.N. monitors peaceful elections.

Two world maps hanging in the hall at the United Nations graphically illustrate how the United Nations has enabled people in over forty-five countries to participate in free and fair elections. It has provided electoral advice, assistance and monitoring of results.

December 15, 1994.—The island of Palau, in the Pacific Ocean, is the latest member nation to be admitted. Once a colony of Japan, it is the last of U.N. territories to achieve independence.

''Today, less than two million people live under colonial rule,'' the ambassador said. ''Decolonization has got to have been the high mark of the world organization. I maintain it is the mark of success—there has been an explosion from fifty-one members to one hundred and eighty-five. The very first step an infant nation takes to achieve sovereignty is to apply for membership in the United Nations.''

Ambassador Joseph Verner Reed understands public diplomacy. His world is a world of protocol and motorcades, representing, as he does, Boutros Boutros-Ghali at state funerals, inauguration ceremonies and commonwealth conferences.

Being a participant in the ''House''—whether it be in the ''super dome of the world diplomacy'' as he refers to the General Assembly Hall, or striding its corridors with fleet-foot compassion—enables him to foster harmony through understanding. He believes this is the principal mission of the United Nations. And he points to the number of treaties that have effectively prevented the spread of nuclear weapons around the world.

The circular study in his home at Denbigh Farm reflects a career peppered with pomp and majesty. Numerous pictures of him with

world dignitaries cover the wall. He was in this manor born and he has furnished the room with a needlepoint carpet made by his mother; bronze American eagles; flags from the U.S. services; ''and that one over there is George Washington's flag, isn't that great?'' There are boxes of memorabilia and copies of speeches and letters—a note from Barbara Bush. ''Know you were a large part of the happy times''; a plaque of wood that President Truman stood on at the dedication of the United Nations and on which he later wrote, ''It was quite a day! Harry S. Truman.''

The continued financial support of member countries is of great concern to Ambassador Joseph Verner Reed. He terms the situation ''donor fatigue'' and views the new Republican Congress's push to lower contributions from the United States to the regular U.N. budget as a cause for alarm.

Yet he is confident and tireless in his dedication to seeing to it that the job is well done. The job at hand right now is the golden jubilee and its theme is particularly poignant: ''We the people—United for a better world.''

## TRIBUTE TO JAMES ROTHSTEIN

Mr. PRESSLER. Mr. President, today I pay tribute to a great South Dakotan—James Rothstein. I was saddened to receive word that James passed away recently. He was my friend, and I will miss him.

James spent his life in the Midwest. Though born in Eden Valley, MN, and a high school student in Haynes, ND, James Rothstein spent most of his life in Mobridge, SD. He played a vital role in his community, where he served on many local and State boards. He dedicated his life to the development of his State and community. Indeed, James Rothstein was a leader who cared deeply about the people of South Dakota.

For years, James served in the South Dakota House of Representatives. He was a vocal member of the South Dakota legislature. In fact, he served as majority leader of the State House from 1969 until 1973.

James worked hard all his life. He devoted his time to building the economy in Mobridge. He helped the city grow, develop, and prosper. I am privileged to have known James. His leadership, good will, and service have inspired me in my own life. He will be missed.

Mr. President, the Sioux Falls, SD, Argus Leader newspaper recently printed an article praising James Rothstein's life-long accomplishments. I ask unanimous consent that the article be printed in the RECORD.

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

[From the Sioux Falls, SD, Argus Leader, Nov. 11, 1995]

JAMES ROTHSTEIN DIES AT 81; FROM POLITICS TO SALES, HE FIT IN

(By Denise D. Tucker)

MOBRIDGE—James Leland Rothstein maintained relationships with people from all walks of life. Rubbing elbows with farmers or governors, he fit in.

''He was a distinguished gentleman,'' said Rothstein's son, John of Mobridge.

Rothstein, 81, died Tuesday, Nov. 14, 1995, at the Mobridge Regional Hospital.

Rothstein, described by his son as a humble man, enjoyed being with people.

''He was in the insurance business and he liked it because it put him in front of lots and lots of people,'' said John Rothstein.

Through his volunteer efforts, Rothstein was able to help and influence a number of lives. He volunteered for civic organizations and served in political office.

He was a member, past president and director of the Mobridge Chamber of Commerce; was past president and director of the Mobridge Community Hospital Association; was the cochairman of the Mobridge Community Hospital fund drive; was past president and board member of the Mobridge School district; chairman of the Walworth County School Board; past president, director and member of the Mobridge Rotary Club; founding member, past secretary and director of the Mobridge Rodeo Association; fund drive chairman for the Boy Scouts; chairman of the Walworth County Cancer Society; member of the Oahe Sportsman Club; past president and director of the Mobridge Country Club; and the Walworth County director for Radio Free Europe.

''He had a huge capacity for taking on chores,'' said Rothstein's son. ''He was a multidimensional person.''

Rothstein's political contributions included serving in the state Legislature from 1963 until 1974. He was voted outstanding freshman legislator in 1965. He served on various committees and was majority leader from 1969 to 1973 in the House of Representatives. He also served on the Transportation Department board from 1979 until 1992. He was inducted into the South Dakota Transportation Hall of Fame in 1993.

John Rothstein said his father decided young age that he wanted to do something that would make him a distinguished man. He was able to do so through his contributions.

Rothstein was born April 10, 1914, at Eden Valley, Minn. He moved with his family to Haynes N.D., and graduated from Haynes High School. He later moved to Bismarck, N.D., where he was employed by Liggett & Myers Tobacco Co. as a salesman. In 1936, he moved to Aberdeen, where he was employed by Griggs-Cooper Co. as a salesman.

He married Lucille Adkins on July 20, 1938, in Aberdeen. They made their home there. In June 1940 he was transferred to Mobridge. In 1943, he resigned from the Griggs-Cooper Co. and began a career in insurance.

From April 26, 1944, until Dec. 10, 1945, he served in the U.S. Navy, during World War II. After his discharge, he began his association with Provident Life which lasted more than 50 years.

He was a member of St. Joseph's Catholic Church, Knights of Columbus, VFW and the Parker-Browder American Legion Post of Mobridge.

He was also a member of the Life Underwriters of South Dakota, Aberdeen Association and has received the National Quality Award for more than 35 years. He was honored as Boss of the Year by the Mobridge Jaycees in 1958. He became a charter member of the Provident Life Insurance Hall of Fame in 1976.

## THE NATURAL DISASTER PROTECTION AND INSURANCE ACT

Mr. PRESSLER. Mr. President, I am pleased to cosponsor S. 1043, the Natural Disaster Insurance and Protection Act.

Our country's present method of addressing natural disasters makes no sense. Natural disaster relief has cost taxpayers $45 billion over the past 6 years. Too much of our Federal efforts are spent on dealing with damage after it has occurred rather than undertaking mitigation efforts to prevent as much damage as we can. The only way to reduce the total social cost of natural disasters is mitigation undertaken before natural disasters occur. The Natural Disaster Insurance and Protection Act is designed to foster these mitigation efforts.

Presently, when a natural disaster occurs, relief efforts often are a political game: especially when the disaster impacts populous, politically important States. In addition, some areas of the country are particularly prone to natural disasters. Taxpayers from the rest of the country end up subsidizing residents of those disaster-prone areas through ever-increasing disaster relief payments. This subsidy must be reduced. Taxpayers simply should not be asked to continue to bear such high relief costs.

The need for natural disaster relief funds can be reduced if individuals in disaster prone areas are properly insured. S. 1043 seeks to establish a mechanism to assure both that insurance is available in disaster-prone areas and to encourage individuals to purchase that insurance.

The Committee on Commerce, Science, and Transportation, which I chair, has already held one hearing on this bill. At that hearing some raised concerns about the insurance entity the bill establishes. This is a complex and important bill. It will be further examined by Commerce Committee. As that examination proceeds, we need to make certain the insurance entity functions as intended. The insurance entity established should place private capital at risk and use market-based methods to achieve appropriate pricing of the insurance offered. Furthermore, that insurance entity should not need, or in any way obligate, the infusion of Federal funds to maintain solvency.

This bill attempts to put our policy on better footing. The Commerce Committee will continue its work on this legislation and it is my hope we can address the concerns raised and pass a bill that will establish a program to help victims of disaster recover while limiting the exposure of other taxpayers to pay for a Federal bailout every time disaster strikes.

## MESSAGES FROM THE HOUSE

At 3:47 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1600. A communication from the Secretary of Agriculture, transmitting, a draft of proposed legislation for the Federal Crop Insurance title of the 1995 Farm Bill; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1601. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a statement regarding transactions involving exports to Trinidad and Tobago; to the Committee on Banking, Housing, and Urban Affairs.

EC–1602. A communication from the Director of the Office of Management and Budget, the Executive Office of the President, transmitting, pursuant to law, the report on appropriations legislation within five days of enactment; to the Committee on the Budget.

EC–1603. A communication from the Secretary of Energy, transmitting, pursuant to law, two technical and policy analyses regarding replace fuels and alternative fuels vehicles; to the Committee on Energy and Natural Resources.

EC–1604. A communication from the Secretary of Energy, transmitting, pursuant to law, the report entitled, ''Energy Policy Act Transportation Study: Interim Report on Natural Gas Flows and Rates''; to the Committee on Energy and Natural Resources.

EC–1605. A communication from the Secretary of Energy, transmitting, pursuant to law, the report entitled, ''Energy Policy Act Transportation Rate Study: Interim Report on Coal Transportation''; to the Committee on Energy and Natural Resources.

EC–1606. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, the biennial report regarding implementation of section 1135 of the Water Resources Development Act of 1986; to Committee on the Environment and Public Works.

EC–1607. A communication from the Secretary of Labor, transmitting, pursuant to law, the quarterly report on the expenditure and need for worker adjustment assistance training funds; to the Committee on Finance.

EC–1608. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on data necessary to review and revise the Medicare Geographic Practice Cost Index (GPCI); to the Committee on Finance.

EC–1609. A communication from the Director of the United States Information Agency, transmitting, pursuant to law, the report on the establishment and operation of Radio Free Asia; to the Committee on Foreign Relations.

EC–1610. A communication from the Lieutenant General of the Defense Security Assistance Agency, transmitting, pursuant to law, a notice concerning delivery of defense articles to Jamaica relative to Presidential Determination 94–41; to the Committee on Foreign Relations.

EC–1611. A communication from the Vice Chairman of the Federal Election Commission, transmitting, pursuant to law, proposed regulations governing Public Financing of Presidential Primary and General Election Candidates; to the Committee on Rules and Administration.

EC–1612. A communication from the Executive Director of the Neighborhood Reinvestment Corporation, transmitting, pursuant to law, the annual report on audit and investigative activities; to the Committee on Governmental Affairs.

EC–1613. A communication from the Director of Human Resources, the Western Farm Credit Bank, transmitting, pursuant to law, the annual report on audited financial statements; to the Committee on Governmental Affairs.

EC–1614. A communication from the Chief Financial Officer of the Export-Import Bank, transmitting, pursuant to law, the annual management report for 1995; to the Committee on Governmental Affairs.

EC–1615. A communication from the President of the United States Institute of Peace, transmitting, pursuant to law, the report on financial statements and additional information; to the Committee on Governmental Affairs.

EC–1616. A communication from the Chairman of the Postal Rate Commission, transmitting, pursuant to law, the report on internal controls and financial systems in effect during fiscal year 1995; to the Committee on Governmental Affairs.

EC–1617. A communication from the Chairman of the United States Merit Systems Protection Board, transmitting, pursuant to law, the report entitled, ''Sexual Harassment in the Federal Workplace: Trends, Progress, and Continuing Challenges''; to the Committee on Governmental Affairs.

EC–1618. A communication from the National Commander of the American Ex-Prisoners of War, transmitting, pursuant to law, the 1995 audit report as of August 31, 1995; to the Committee on the Judiciary.

EC–1619. A communication from the Chairman of the Administrative Conference of the United States, transmitting, pursuant to law, the annual report of the Conference under the Equal Access to Justice Act; to the Committee on the Judiciary.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 755. A bill to amend the Atomic Energy Act of 1954 to provide for the privatization of the United States Enrichment Corporation (Rept. No. 104–173).

By Mr. MCCAIN, from the Committee on Indian Affairs, with amendments:

S. 1341. A bill to provide for the transfer of certain lands to the Salt River Pima-Maricopa Indian Community and the city of Scottsdale, Arizona, and for other purposes (Rept. No. 104–174).

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PRESSLER:

S. 1418. A bill to provide for the more effective implementation of the prohibition against the payment to prisoners of supplemental security income benefits under title XVI of the Social Security Act or monthly benefits under title II of such Act, and to deny such supplemental security income benefits for 10 years to a person found to have fraudulently obtained such benefits while in prison; to the Committee on Finance.

By Mrs. KASSEBAUM (for herself, Mr. LEAHY, Mr. FEINGOLD, Mr. JEFFORDS, Mr. SIMON, Mr. WELLSTONE, Mr. PELL, Mr. MCCAIN, and Mr. GREGG):

S. 1419. A bill to impose sanctions against Nigeria; to the Committee on Foreign Relations.

By Mr. STEVENS (for himself, Mr. BREAUX, Mr. CHAFEE, Mr. JOHNSTON, and Mr. MURKOWSKI):

S. 1420. A bill to amend the Marine Mammal Protection Act of 1972 to support International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. SIMON:

S. 1421. A bill to amend the Internal Revenue Code of 1986 to treat as a zone business an otherwise qualified business dissected by a census tract boundary line of a designated empowerment zone or enterprise community; to the Committee on Finance.

By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. 1422. A bill to authorize the Secretary of the Interior to acquire property in the town of East Hampton, Suffolk County, New York, for inclusion in the Amagansett National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

By Mr. GREGG (for himself, Mrs. KASSEBAUM, Mr. NUNN, Mr. JEFFORDS, and Mr. GORTON):

S. 1423. A bill to amend the Occupational Safety and Health Act of 1970 to make modifications to certain provisions, and for other purposes; to the Committee on Labor and Human Resources.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PRESSLER:

S. 1418. A bill to provide for the more effective implementation of the prohibition against the payment to prisoners of supplemental security income benefits under title XVI of the Social Security Act or monthly benefits under title II of such Act, and to deny such supplemental security income benefits for 10 years to a person found to have fraudulently obtained such benefits while in prison; to the Committee on Finance.

### THE PRISONER FRAUD PREVENTION ACT

Mr. PRESSLER. Mr. President, today I am introducing the Prisoner Fraud Prevention Act. This legislation would crack down on prisoners who continue to commit crime from behind bars by cheating American taxpayers and our welfare system. Recently the Senate passed H.R. 4, comprehensive welfare reform legislation. This bill would go a long way toward reducing fraud and abuse in the Supplemental Security Income (SSI) program. The legislation I am introducing today would take our anti-fraud efforts one step further.

Under current law, it is illegal for prisoners to receive SSI payments while incarcerated. To carry out this mandate, the Social Security Administration enters into agreements with federal and state prisons to collect the names of inmates. However, these agreements do not completely prevent inmates from fraudulently receiving benefits, because about one-third of prisoners in the U.S. are held in county

jails. Unbeknownst to the Social Security Administration, these local prisoners often continue to receive SSI payments.

The legislation I am introducing today would offer local sheriffs an incentive to work with the Social Security Administration to stop payment of these fraudulent benefits. The bill would reward sheriffs who voluntarily turn inmate lists over to the Social Security Administration by allowing them to keep one-half of the value of the first checks that are intercepted. This would speed up the process of removing prisoners from SSI rolls as well as catch those prisoners who slipped through the system. This is a money saver for American taxpayers. In fact, the Congressional Budget Office (CBO) estimated that this proposal would save $127 million over five years.

Additionally, this legislation would bar anyone who received SSI fraudulently while in prison from receiving benefits for the next ten years.

By allowing sheriffs to collect a ''bounty'', we can do a number of positive things: we can provide some seed money for local law enforcement and help put an end to the abuse for which the SSI program unfortunately has become famous. This type of abuse is an insult both to hard-working taxpayers who struggle daily without government assistance as well as families on assistance who play by the rules. Congress must take a no-tolerance stance toward fraud and abuse of public assistance. This bill establishes the get-tough approach we need.

I am pleased that the National Sheriffs Association has endorsed this legislation. I hope my colleagues will join me in sponsoring it.

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

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

S. 1418

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

**SECTION 1. SHORT TITLE.**

This bill may be cited as the ''Prisoner Fraud Prevention Act''.

**SEC. 2. IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.**

(a) SSI BENEFITS.—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following:

''(I) The Commissioner shall enter into a contract with any interested State or local institution referred to in subparagraph (A), under which—

''(i) the institution shall provide to the Commissioner, on a monthly basis, the names of, and other identifying information about, the inmates of the institution; and

''(ii) the Commissioner shall pay to the institution, with respect to each inmate of the institution who, by reason of this paragraph, is ineligible for a benefit under this title, and who is found by the Commissioner to have been erroneously paid a benefit under this title while such an inmate, an amount equal to 50 percent of the monthly amount most recently erroneously so paid to the inmate.''.

(b) OASDI BENEFITS.—Section 202(x)(3) of such Act (42 U.S.C. 402(x)(3)) is amended—

(1) by inserting ''(A)'' after ''(3)''; and

(2) by adding at the end the following:

''(B) The Commissioner shall enter into a contract with any interested State or local institution described in clause (i) or (ii) of paragraph (1)(A) the primary purpose of which is to confine individuals as described in paragraph (1)(A), under which—

''(i) the institution shall provide to the Commissioner, on a monthly basis, the names of, and other identifying information about, the individuals so confined in the institution; and

''(ii) the Commissioner shall pay to any such institution, with respect to each individual found by the Commissioner to have been erroneously paid a benefit under this title while so confined in the institution, an amount equal to 50 percent of the monthly amount most recently erroneously so paid to the individual.''.

**SEC. 3. DENIAL OF SSI BENEFITS FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI BENEFITS WHILE IN PRISON.**

Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)), as amended by section 1 of this Act, is amended by adding at the end the following:

''(J) A person shall not be an eligible individual or eligible spouse for purposes of this title if—

''(i) the Commissioner finds that the person has made a fraudulent statement or representation in order to obtain benefits under this title while serving a prison sentence; and

''(ii) the 10-year period that begins with the date the person has completed the sentence has not expired.''.

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By Mrs. KASSEBAUM (for herself, Mr. LEAHY, Mr. FEINGOLD, Mr. JEFFORDS, Mr. SIMON, Mr. WELLSTONE, Mr. PELL, Mr. GREGG, and Mr. MCCAIN):

S. 1419. A bill to impose sanctions against Nigeria; to the Committee on Foreign Relations.

THE NIGERIA DEMOCRACY ACT

Mrs. KASSEBAUM. Mr. President, I rise today to introduce legislation on behalf of myself, Senators LEAHY, FEINGOLD, and others, imposing sanctions against the Government of Nigeria.

Before I explain a bit about this legislation, let me just say I very much appreciate being able to introduce it at this point, because I know we are anxious to begin the debate on the Balanced Budget Act of 1995, a very important piece of legislation, but there has been a tragic occurrence and an escalation of events in Nigeria which I think needs to be addressed.

Last week, the Nigerian military regime, led by General Sani Abacha, executed nine Nigerian political activists, including Ken Saro-Wiwa, following a seriously flawed judicial proceeding. This action, in the face of international pleas for clemency, is the latest in a series of very tragic, tragic, outrageous actions by the Nigerian military government.

Until this last atrocity, the international community had engaged in a policy of limited sanctions and diplomatic engagement. In Congress, we sent letters expressing our concern. We engaged the Nigerian Ambassador. We held hearings. But the situation has reached the point where we simply must respond in a forceful and clear manner.

Nigeria is a country heading for collapse, Mr. President. Its economic system has deteriorated dramatically. Political repression continues to grow. Ethnic tensions have increased.

General Abacha and Nigerian military leadership must understand that their isolation will only increase unless they move toward respecting human rights and a civilian democratic government.

Nigeria is a country that has enormous potential, enormous resources to call upon, and it can only be a real tragedy for the African Continent and the rest of the world to see this collapse into such a very tragic situation.

The legislation that we are introducing today imposes a series of sanctions against the Nigerian Government. It codifies the number of sanctions already imposed by the administration, including a ban on foreign aid, military sales and export financing; a termination of air flights between Nigeria and the United States; an end to U.S. support for Nigeria at the World Bank, IMF and other international financial institutions; and a visa ban on any Nigerian who formulates, implements or benefits from policies which hinder Nigeria's transition to democracy.

The legislation also imposes several new tough sanctions. It bans all new United States investment in Nigeria, including in the energy sector. While some may argue that this step may hurt U.S. businesses, there can be no doubt that the Nigerian regime profits from American investment. Several large projects under consideration personally benefit the top Nigerian leadership.

It also freezes the personal assets of the top officials of the Nigerian regime. If these leaders pull the country into a downward spiral of repression and economic decline, there will be a personal cost to them.

It expresses a sense of Congress that the international community should consider suspending Nigeria from international sports competitions. South Africa recently expelled Nigeria from a soccer tournament. We should consider following their example in other fora.

In addition, recognizing the importance of multilateral action, the legislation urges the President to build international support for other actions, including a U.N. arms embargo, a multilateral oil embargo and a U.N. Human Rights Commission condemnation.

It is critical that the United States work closely with other members of the international community, particularly Great Britain and South Africa, in this effort to promote democratic change in Nigeria.

Finally, the legislation makes clear our intent to pursue even tougher sanctions if the Nigerian regime continues its brutal and lawless ways.

I am one who believes we must be very cautious in applying sanctions against foreign governments, but I believe the situation in Nigeria has reached the point where we must send an unambiguous and tough signal to General Abacha. We will not stand by idle as he drags his country into chaos. If General Abacha would move toward respecting human rights and instituting a new civilian regime, the sanctions would be lifted and we would welcome Nigeria back as a partner and friend in the international community. If he continues to move in the wrong direction, the isolation will grow and the economic price will be high.

Mr. President, I know that Senator LEAHY has long been interested and concerned about this situation, as has Senator FEINGOLD. I welcome the opportunity to have them speak to this issue as well. I yield the floor, Mr. President.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I thank the Senator from Kansas. I note that this is introduced on behalf of her, myself and cosponsored by the Senator from Wisconsin, Mr. FEINGOLD. I ask unanimous consent that when it is introduced, also added after us as a cosponsor be the Senator from Minnesota, Mr. WELLSTONE.

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

Mr. LEAHY. Mr. President, I am proud to join with Senator KASSEBAUM on this. I am sad that it is necessary that we do this. Last week, people around the world were horrified to learn that Ken Saro-Wiwa, who was a respected Nigerian writer, a human rights activist, known not only throughout Nigeria but around the world, was executed, along with others, after a flagrantly unfair trial by a military court.

The legislation we introduce today is a tribute to Mr. Saro-Wiwa and to other Nigerians who have given their lives—and there are others—or languish in prison because of the pursuit of democracy and a better life for the Nigerian people.

On November 10, Mr. Saro-Wiwa, who was a member of the Ogoni Tribe who live in poverty in the rich, oil-producing delta region of southern Nigeria, was hanged with eight of his colleagues. They had been accused of inciting the murder of four other Ogoni leaders.

Ken Saro-Wiwa and his colleagues were the latest casualties of one of the most brutal military regimes in the world. Gen. Sani Abacha, who seized power in a 1993 coup, has mimicked the tyrannical rule of his African neighbor, President Mobutu of Zaire, who plundered his country and killed or imprisoned anyone who dared to oppose him.

President Mobutu will go down as one of the great tyrants of this century, one of the greatest robbers of this century, and General Abacha seems to be trying to catch up.

Like Mobutu, General Abacha has become a multimillionaire, while Nigeria, a country with enormous human and economic potential, the most populous country in sub-Saharan Africa, has been brutalized and impoverished. Saro-Wiwa's execution is part of a countrywide repression of utter brutality, marked by arbitrary arrests, detention without trial, kangaroo courts when trials do take place, and prisons so appalling that death might be preferable.

Despite claims that he is leading Nigeria to democracy and civilian government, there is absolutely no reason to believe that General Abacha will ever willingly give up power. His hands are too bloody to risk the restoration of the rule of law in Nigeria.

Today in Ogoniland, armed troops encircle the cemetery where Saro-Wiwa is buried to prevent access by the public, and anyone caught with a photograph of him is arrested. The Washington Post reports today that there may be even more executions in the coming days.

Mr. President, along with others, I sought clemency for Ken Saro-Wiwa for more than 1 year. I wrote to the Nigerian Foreign Minister, the Nigerian Ambassador, the Secretary of State, and have even appealed to other African leaders on his behalf. All to no avail. While I was not privy to the evidence against Mr. Saro-Wiwa, I believed strongly, like so many others, that the Nigerian Government should have either released him or tried him in a civil court in accordance with due process.

There is no doubt that General Abacha wanted to silence Ken Saro-Wiwa. He had led a popular campaign against the oil companies that have ravaged and poisoned the land of his people. Oil accounts for 90 percent of Nigeria's export earnings, and whoever controls it controls the country's wealth, and controls the Nigerian Army. General Abacha apparently decided that he was better off with Saro-Wiwa dead, rather than as a continuing champion of Ogoni resistance. He probably figured that the rest of the world would forget him.

The world will not soon forget Ken Saro-Wiwa. He was a champion of the rights of his people, and a world leader in the struggle to protect the environment. While our efforts to save his life ultimately failed, his memory inspires us to support the cause for which he and others gave their lives.

This bill aims to support and strenthen the measures already taken by the administration, both before and since Mr. Saro-Wiwa's execution. In addition, it prohibits new United States investment in Nigeria, including investment in a liquefied natural gas project that the International Finance Corporation has refused to finance, and which General Abacha reportedly has a personal interest in.

It also freezes the assets of Nigerians who are responsible for or benefit from policies which hinder Nigeria's transition to democracy. The Nigerian Government should think long and hard before it retaliates against American assets in Nigeria, because there is far more that we can do.

Of particular importance, the legislation calls on the President to actively seek multilateral support for these sanctions in the United Nations. We are already hearing of similar steps by the European community, but frankly the response of the international community has been shamefully timid. The United States has even run into resistance at the United Nations to a resolution condemning Nigeria for executing Saro-Wiwa. And Shell Oil, which derives a seventh of its global production of oil from Nigeria, seems to care about nothing but its own profits.

These and other sanctions are modeled on the sanctions we imposed against South Africa in the 1980's. They may be waived by the President if the Nigerian Government releases political prisoners, and demonstrates a commitment to human rights and an unequivocal commitment to democratic government.

We also provide a waiver if the President determines it is important to the national interest. This was included, in part, to encourage the Nigerian Government to increase its cooperation in counternarcotics. Nigeria is a center of drug trafficking and money laundering, and the United States has a strong interest in obtaining the Nigerian Government's cooperation to curtail it.

But the real trigger in this legislation is General Abacha himself. If he continues to imprison and murder his political opponents, the sanctions will get even stronger. We will consider everything including an oil embargo. Nigeria will become even further isolated, and General Abacha will eventually go the way of other African tyrants—forced from power and either shot or imprisoned, or sent into exile overturned in a coup. If, on the other hand, he decides to respect the rights of his people, the sanctions will end.

I am not so naive to believe that General Abacha will comply with the conditions in this legislation. His decision to execute Ken Saro-Wiwa was a sign that he would rather be branded an international pariah, than save his country from ruin. But the choice is his.

Mr. President, I also want to mention the oil companies who were the focus of Ken Saro-Wiwa's campaign. Had it not been for the environmental damage they have caused in Ogoniland, I suspect Ken Saro-Wiwa would be alive today.

We have not included sanctions against the oil companies in this legislation, but we expressly reserve the right to do so if the situation does not improve in Nigeria. Only 10 percent of our oil comes from Nigeria, but that 10 percent comprises 40 percent of Nigeria's total oil exports.

I strongly urge those companies, whether they are American companies

or foreign companies, to reconsider their activities in Nigeria. They are responsible for propping up an extraordinarily brutal and corrupt regime, and for destroying the livelihoods of many of the poorest people in Nigeria, the people who Ken Saro-Wiwa gave his life for. Private business has a responsibility to the betterment of society, not only to accruing profits. If there ever were a place to apply that principle it is in Nigeria today.

Mr. President, we cannot bring Ken Saro-Wiwa back to life, but as he said before he was executed, his words will live on. This legislation aims to carry on the campaign he gave his life for.

Mr. President, I ask unanimous consent that an article in today's New York Times on the recent arrest of nine Nigerian human rights activists, be printed in the RECORD.

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

[From the New York Times, Nov. 17, 1995]

RIGHTS GROUP SAYS NIGERIA SEIZED 9 TO THWART PROTEST OF HANGINGS

LAGOS, NIGERIA, November 16.—A Nigerian human rights organization said today that nine of its members had been arrested because the military Government feared they were about to protest publicly against the execution of nine Government critics last week.

Jiti Ogunye, secretary general of the Committee for the Defense of Human Rights, said two student union leaders in the university in Benin were arrested on Wednesday and the other members of the group were arrested here last week. ''All of them are detained in the Lagos police headquarters but we have been denied access to them,'' he said.

There was no official confirmation of the arrests.

Nigeria's military rulers provoked international outrage on Friday after the hanging of Ken Saro-Wiwa, a prominent Nigerian author, and eight other campaigners for minority rights. They were sentenced by a tribunal for the murder of four pro-Government chiefs in the oil-rich Ogoniland region. They had been campaigning for compensation for the Ogoni tribe in the southeast for oil produced there for decades by multinational corporations, principally the Anglo-Dutch oil giant Shell.

Gen. Sani Abacha, Nigeria's ruler, in his first reaction to the international furor over the hanging of the rights activists, accused foreign powers of interference, local newspapers reported.

Several nations have recalled their ambassadors to protest the executions, Nigeria has recalled its own envoys in retaliation.

The United States and Britain—Nigeria's former colonial ruler—imposed an arms embargo on Lagos and the European Union froze development aid.

In Strasbourg today, the European Parliament urged the European Union to impose an oil embargo on Nigeria, but a European Union diplomat in Brussels said an effective embargo could only be carried out through the United Nations Security Council, ''and I don't think the votes are there.''

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. FEINGOLD. Mr. President, I am proud to join with my colleagues in introducing the Nigeria Democracy Act. I appreciate the statements of the Senator from Kansas and the Senator from Vermont. This tough sanctions measure comes on the heels of the chilling execution of 9 human rights activists, including renowned playwright Mr. Ken Saro Wiwa, in Nigeria on Friday, and at a time when the regime of General Sani Abacha has intensified its crackdown against its own people.

The bill we are introducing today is intended to ratchet up the pressure on this brutal military regime, and improve the protection of basic human rights in Nigeria and indeed the whole region. Let this measure be a warning that if the human rights situation deteriorates—that is, if any more political prisoners are executed, or more decrees violating basic human rights are enacted—the United States will respond with yet harsher measures, and will actively seek multilateral support from our friends and allies. The reported arrest of 9 more human rights activists peacefully protesting last week's executions is not a good sign.

Mr. President, Nigeria has the potential to become a major world trading partner, and an influential member of the international community. Yet General Abacha is squandering his country with rampant corruption; brutal policies of repression and execution; and severe economic mismanagement.

Some observers will say that General Abacha is simply trying to maintain the integrity of Nigeria while the country adjusts to a drastic political change. I am wholly unconvinced, however, that the murder, assault, and suppression that Abacha has engaged in will hold the country together; in fact, I believe that as a consequence of the repression, Nigeria is more likely to break out in civil war.

Mr. President, I applaud the steps the administration has taken thus far on Nigeria. But I think we should take an even tougher stand with General Abacha at this point. Engagement has not worked, as witnessed in last Friday's executions. International pleas to commute the death sentences and to re-try the defendants were ignored. Faxes and phone calls from several of us introducing this bill today to Nigerian officials were never returned. I am not persuaded that engagement and dialog with Abacha has been terribly effective.

The Nigeria Democracy Act will codify the sanctions already ordered by the President, and would impose further sanctions on Nigeria as well. Many of the measures suggested in this bill come from the Comprehensive Anti-Apartheid Act, which was quite successful in helping to secure democratic transition in South Africa. In fact, it was Nigeria, ironically, that led the world in sanctioning South Africa for its human rights abuses under apartheid.

As the Chair has indicated, one of the toughest measures in this bill is a prohibition on new investment in Nigeria, including banning United States firms from investing in Shell Oil's ill-timed, $3.8 billion project in Bonny, Nigeria, which was reported yesterday.

While I believe there are moral and strategic benefits in the United States acting unilaterally, of course, it would be better and I would prefer to see these sanctions to be applied multilaterally. Thus, our bill also directs the President to urge actively other countries to join our sanctions effort in order to promote human rights and democracy in Nigeria.

Mr. President, as the Senator from Vermont suggests, perhaps we should also take a look at an oil embargo, either unilateral or multilateral, at this time.

Since over 90 percent of Nigeria's foreign exchange income comes from its oil industry—and since Abacha personally benefits from most of these sales through corruption—it makes sense that an oil embargo would hit the regime hard. I am also deeply disappointed in how Shell Oil has conducted itself in the midst of this turmoil. However, there are other considerations to look at seriously as well, and over the next few weeks I will be carefully considering the intricacies and complexities of such an oil embargo proposal.

For the moment, though, let me conclude by saying I believe the bill we are introducing takes a responsible approach in urging the President to build support for a multilateral oil embargo. Grassroots support for such an initiative seems to be growing. South African President Nelson Mandela, who before the executions was advocating diplomatic engagement with the Nigerians, came out yesterday in support of an oil embargo against the Abacha regime. If the situation deteriorates, we must prepare for such an action.

Let me congratulate the Chair of the subcommittee, Senator KASSEBAUM, on her initiative. I look forward to working with my colleagues on this bill in the coming months.

Our bill will not bring back Ken Saro-Wiwa and the other executed activists. But perhaps it will help create an environment in which oppression and brutality like that already exhibited will no longer be tolerated.

Mr. FEINGOLD. I ask unanimous consent that Senator MCCAIN and Senator PELL be added as cosponsors.

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

By Mr. STEVENS (for himself, Mr. BREAUX, Mr. CHAFEE, Mr. JOHNSTON, and Mr. MURKOWSKI):

S. 1420. A bill to amend the Marine Mammal Protection Act of 1972 to support International Dolphin Conservation Program in the eastern tropical Pacific Ocean,and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

Mr. STEVENS. Mr. President, today I am introducing legislation to allow for the domestic implementation of an international agreement relating to

the protection of dolphins and harvest of tuna in the eastern tropical Pacific Ocean (ETP).

Senators BREAUX, CHAFEE, JOHNSTON, and MURKOWSKI join me as original cosponsors of this legislation.

On October 4, 1995, twelve nations agreed in the ''Declaration of Panama'' in Panama City, Panama, to seek to create a legally binding instrument to reduce dolphin mortality in the ETP.

The instrument is to be based on the La Jolla Agreement, a multilateral nonbinding agreement adopted in 1992, which included annual and per-vessel limits on dolphin mortality and observer coverage standards for tuna vessels. It will be called the ''International Dolphin Conservation Program'' (IDCP).

In addition to strengthening the La Jolla provisions and continuing the La Jolla goal of reducing and eventually eliminating dolphin mortality in the ETP, this new binding agreement will: first, improve conservation and management measures for tuna stocks and other living marine resources in the ETP; second, reduce the bycatch of juvenile yellowfin tuna and nontarget species; and third, establish a system of incentives to vessel captains to continue to reduce dolphin mortality.

Under existing U.S. law (16 U.S.C. 307(a)), tuna that is caught using a purse seine net intentionally deployed on or to encircle dolphin cannot be labeled as ''dolphin safe'' and is prohibited (since June 1, 1994) from being sold in the United States.

The successful adoption of the binding agreement envisioned in the Declaration of Panama is contingent upon a change in U.S. law to allow ''dolphin safe'' to mean tuna that is caught by a vessel in a set in which no dolphin mortality occurred. This would mean that tuna caught in a purse seine net intentionally deployed to encircle dolphins could be labeled as ''dolphin safe'' and imported into the United States, as long as no dolphin mortality occurred during the set.

The legislation we are introducing today would make this change to the Marine Mammal Protection Act (MMPA). Since the passage of the MMPA in 1972, dolphin mortality in the ETP has been reduced from over 400,000 per year, to below 5,000 in 1994.

The countries that have continued to fish for tuna by encircling dolphins have shown that it can be done without killing dolphins.

We've learned from our own fishermen that alternative methods, such as setting on logs, can result in substantial bycatch of nontarget species and juvenile tuna.

The IDCP would make binding an ETP mortality limit of 5,000 dolphins and allow encirclement to continue, but would maintain the goal of eliminating dolphin mortality altogether in the ETP. The IDCP would, for the first time, provide international species-specific mortality limits that will help guarantee the recovery of individual dolphin species. The IDCP and legislation we are proposing today will give U.S. consumers a guarantee that no dolphin mortality occurred when the tuna they bought was caught.

It will allow U.S. fishermen to encircle dolphins in the course of tuna fishing, but require them to comply with the dolphin mortality caps and provisions of the IDCP to reduce mortality, and will prohibit them from selling tuna in the United States if dolphin were killed when the tuna was caught.

Specifically, the bill we are proposing would implement the IDCP through changes to the MMPA that would: prohibit the importation of yellowfin tuna caught with purse seine nets in the ETP unless the tuna was caught by the vessel of a nation participating in, and in compliance with, the IDCP; prohibit tuna caught in the ETP from being labeled as ''dolphin safe'' unless both the captain of the vessel and an observer approved under the IDCP have certified that no dolphins were killed during the set in which the tuna was caught; direct the Secretary of Commerce to implement regulations for U.S. tuna vessels fishing in the ETP under the IDCP, including regulations to require observers on each vessel; give the Secretary of Commerce emergency regulatory authority to reduce mortality and injury of dolphins; require research on (among other things) the effect of the encirclement on dolphins by purse seine nets; implement a new permitting system, which includes permit sanctions, to allow U.S. vessels to fish for tuna in the ETP; make it unlawful to sell or ship tuna in the United States unless it is dolphin safe or has been harvested in compliance with the IDCP; and create a general advisory committee and scientific advisory committee to assist the U.S. section to the IDCP.

These changes to the MMPA would take effect once the Secretary of State has certified that the legally binding instrument establishing the IDCP has been adopted.

This legislation supports the goals of La Jolla Agreement and the Declaration of Panama, and will set a strong example for other nations to follow in joining and implementing the IDCP.

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

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

S. 1419

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

**SECTION 1. SHORT TITLE; REFERENCES.**

(a) SHORT TITLE.—This Act may be cited as the ''International Dolphin Conservation Program Act''.

(b) REFERENCES TO MARINE MAMMAL PROTECTION ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

**SEC. 2. PURPOSE AND FINDINGS.**

(a) PURPOSE.—The purpose of this Act is to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean.

(b) FINDINGS.—The Congress finds that twelve nations, including the United States, agreed in the Declaration of Panama to, among other things—

(1) require that the total annual dolphin mortality in the purse seine fishery for yellowfish tuna in the eastern tropical Pacific Ocean not exceed 5,000, with the commitment and objective to progressively reduce dolphin mortality to levels approaching zero through the setting of annual limits;

(2) establish a per-stock per-year mortality limit up to the year 2001 of between 0.2 percent and 0.1 percent of the minimum population estimate;

(3) starting with the year 2001, require that the per-stock per-year mortality of dolphin not exceed 0.1 percent of the minimum population estimate;

(4) require that in the event that the mortality limits in paragraphs (1), (2), or (3) are exceeded, all sets on dolphins in the case of paragraph (1), or sets on such stock and any mixed schools containing members of such stock in the case of paragraph (2) or (3), shall cease for that fishing year; in the case of paragraph (2), to conduct a scientific review and assessment in 1998 of progress toward the year 2000 objective and consider recommendations as appropriate; and, in the case of paragraph (3), to conduct a scientific review and assessment regarding that stock or those stocks and consider further recommendations;

(5) establish a per-vessel maximum annual dolphin mortality limit consistent with the established per-year mortality caps; and

(6) provide a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

**SEC. 3. DEFINITIONS.**

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

''(28) The term 'International Dolphin Conservation Program' means the international program established by the agreement signed in La Jolla, California, in June 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama.

''(29) The term 'Declaration of Panama' means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.''.

**SEC. 4. AMENDMENT TO TITLE I.**

(a) Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by inserting in the first sentence '', and authorizations may be granted under Title III with respect to the yellowfin tuna fishery of the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103'' before the period; and

(2) by striking the semicolon in the second sentence and all that follows through ''practicable''.

(b) Section 101(a)(2)(B) (16 U.S.C. 1371(a)(2)(B)) is amended to read as follows:

''(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern

tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

''(i) the tuna or products therefrom were not banned from importation under section 101(a)(2) before the effective date of this section; or

''(ii) the tuna or products therefrom were harvested after the effective date of this section by vessels of a nation which participates in the International Dolphin Conservation Program, and such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated steps, in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization,

except that the Secretary shall not accept such documentary evidence as satisfactory proof for purposes of this paragraph if—

''(I) the government of the harvesting nation does not authorize the Inter-American Tropical Tuna Commission to release sufficient information to the Secretary to allow a determination of compliance with the International Dolphin Conservation Program; or

''(II) after taking into consideration this information, findings of the Inter-American Tropical Tuna Commission, and any other relevant information, including but not limited to information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program.''.

(c) Section 101 (16 U.S.C. 1371) is amended by adding at the end the following new subsection:

''(d) The provisions of this Act shall not apply to a citizen of the United States when such citizen incidentally takes any marine mammal during fishing operations outside the U.S. exclusive economic zone when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.''.

(d) Section 104(h) is amended to read as follows:

''(h)(1) Consistent with the regulations prescribed pursuant to section 103 of this title and to the requirements of section 101 of this title, the Secretary may issue an annual permit to a U.S. vessel for the taking of such marine mammals, together with regulations to cover the use of any such annual permits.

''(2) Such annual permits for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 304, subject to the regulations issued pursuant to section 302.''

(e) Section 110 (16 U.S.C. 1380) is amended—

(1) by redesignating subsection (a)(1) as subsection (a); and

(2) by striking subsection (a)(2).

(f) Subsection (d)(1) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)(1)) is amended to read as follows:

''(1) It is a violation of section 5 of the Federal Trade Commission Act for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term ''Dolphin Safe'' or any other term or symbol that falsely claims or suggests that the tuna contained in the product was harvested using a method of fishing that is not harmful to dolphins if the product contains—

''(A) tuna harvested on the high seas by a vessel engaged in driftnet fishing;

''(B) tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets which do not meet the requirements of being considered dolphin safe under paragraph (2); or

''(C) tuna harvested outside the eastern tropical Pacific Ocean by a vessel using purse seine nets which do not met the requirements for being considered dolphin safe under paragraph (3).''

(g) Subsection (d)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)(2)) is amended to read as follows:

''(2) For purposes of paragraph (1)(B), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a fishing vessel using purse seine nets is dolphin safe if—

''(A) the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins; or

''(B)(i) the product is accompanied by a written statement executed by the captain of the vessel which harvested the tuna certifying that no dolphins were killed during the sets in which the tuna were caught; and

''(ii) the product is accompanied by a written statement executed by—

''(I) the Secretary or the Secretary's designee;

''(II) a representative of the Inter-American Tropical Tuna Commission; or

''(III) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and documents that no dolphins were killed during the sets in which the tuna in the tuna product were caught; and

''(iii) the statements referred to in clauses (i) and (ii) are endorsed in writing by each exporter, importer, and processor of the product; and

''(C) the written statements and endorsements referred to in subparagraph (B) comply with regulations promulgated by the Secretary which would provide for the verification of tuna products as dolphin safe.''.

(h) Subsection (d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended further by adding the following new paragraphs:

''(3) For purposes of paragraph (1)(C), tuna or a tuna product that contains tuna harvested outside the eastern tropical Pacific Ocean by a fishing vessel using purse seine nets is dolphin safe if—

''(A) it is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or to encircle dolphins during the particular voyage on which the tuna was harvested; or

''(B) in any fishery in which the Secretary has determined that a regular and significant association occurs between marine mammals and tuna, it is accompanied by a written statement executed by the captain of the vessel and an observer, certifying that no purse seine net was intentionally deployed on or to encircle marine mammals during the particular voyage on which the tuna was harvested.

''(4) No tuna product may be labeled with any reference to dolphins, porpoises, or marine mammals, except as dolphin safe in accordance with this subsection.''.

(i) Subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

''(f) The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement this section not later than three months after the effective date of this section, including, but not limited to, regulations addressing the use of weight calculation and well location, and which require that tuna products are labeled in accordance with subsection (d).''.

**SEC. 5. AMENDMENTS TO TITLE III.**

(a) The heading of Title III is amended to read as follows:

**''TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM''.**

(b) Section 301 (16 U.S.C. 1411) is amended—

(1) in subsection (a), by striking paragraph (4) and inserting in lieu thereof:

''(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce, with the goal of eliminating, dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues; that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority.''; and

(2) in subsection (b), by striking paragraphs (2) and (3) and inserting in lieu thereof:

''(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

''(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean not operating in compliance with the International Dolphin Conservation Program;''.

(c) Section 302 (16 U.S.C. 1412) is amended to read as follows:

**''SEC. 302. AUTHORITY OF THE SECRETARY.**

''(a) REGULATIONS.—The Secretary shall issue regulations to implement the International Dolphin Conservation Program.

''(2)(A) Not later than three months after the effective date of this section, the Secretary shall issue regulations to authorize and govern the incidental taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

(B) Regulations issued under this section shall include provisions—

(i) requiring observers on each vessel;

(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of marine mammals in fishing operations;

(iii) prohibiting international sets on stocks and schools in accordance with the International Dolphin Conservation Program;

(iv) requiring the use of special equipment, including, but not limited to, dolphin safety panels in nets, operable rafts, speedboats with towing bridles, floodlight in operable condition, and diving masks and snorkels;

(v) ensuring that the backdown procedure during sets of purse seine net on marine mammals is completed and rolling of the net to sack up has begun no later than thirty (30) minutes after sundown;

(vi) banning the use of explosive devices in all purse seine operations;

(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin mortality limits and per-stock per-year mortality limits in accordance with the International Dolphin Conservation Program;

(viii) preventing the making of international sets on dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits or per-stock per-year mortality limits;

(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment that may reduce or eliminate dolphin mortality or do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing; and

(xi) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States; except that the Secretary may make such adjustments as may be appropriate to provisions that pertain to fishing gear and fishing practice requirements in order to carry out the International Dolphin Conservation Program.

''(b) CONSULTATION.—In developing any regulation under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

''(c) EMERGENCY REGULATIONS.—(1) If the Secretary determines, on the basis of the best scientific information available (including that obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse effect on a marine mammal stock or species, the Secretary shall take actions as follows—

''(A) notify the Inter-American Tropical Tuna Commission of his or her findings, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

''(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

''(2) Prior to taking action under paragraph (1) (A) or (B), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

''(3) Emergency regulations prescribed under this subsection—

''(A) shall be published in the Federal Register, together with an explanation thereof;

''(B) shall remain in effect for the duration of the applicable fishing year; and

''(C) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination, if the Secretary determines that the reasons for the emergency action no longer exist.

''(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.''

''(d) RESEARCH.—The Secretary shall, in cooperation with the nations participating in the International Dolphin Conservation Program and with the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program, including, but not limited to—

(1) devising cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean;

(2) developing cost-effective methods of fishing for mature yellowfin tuna without setting nets on dolphins or other marine mammals;

(3) carrying out a scientific research program as described in section 117 for those marine mammal species and stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States; and

(4) studying the effect of chase and encirclement on the health and biology of dolphin and dolphin populations incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean.

The Secretary shall include a description of the annual results of research carried out under this subsection in the report required under section 303.''.

(d) Section 303 (16 U.S.C. 1413) is hereby repealed.

(3) Section 304 (16 U.S.C. 1414) is hereby redesignated as section 303, and amended to read as follows:

''SEC. 303. REPORTS BY THE SECRETARY.—Notwithstanding section 103(f), the Secretary shall submit annual reports to the Congress which include—

''(1) results of research conducted pursuant to section 302;

''(2) a description of the status and trends of stocks of tuna;

''(3) a description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and bycatch of non-target species;

''(4) a description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the Program's goals and objectives, including the protection of dolphin populations in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the Program;

''(5) actions taken by the Secretary under section 101(a)(2)(B)(iii)(I) and (II);

''(6) copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title; and

''(7) any other information deemed relevant by the Secretary.''.

(f) Section 305 (16 U.S.C. 1415) is hereby repealed.

(g) Section 306 (16 U.S.C. 1416) is hereby redesignated as section 304, and amended to read as follows:

**''SEC. 304. PERMITS.**

''(a) IN GENERAL.—(1) Consistent with the regulations issued pursuant to section 302, the Secretary shall issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including, but not limited to, requiring the submission of—

''(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

''(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 302, with respect to each vessel.

''(2) The Secretary is authorized to charge a fee for granting an authorization and issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in granting authorizations and issuing permits under this section.

''(3) After the effective date of this section, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

''(b) PERMIT SANCTIONS.—(1) In any case in which

''(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 305;

''(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 305; or

''(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue, the Secretary may—

''(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

''(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

''(iii) deny such permit; or

''(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

''(2) In imposing a sanction under this subsection, the Secretary shall take into account—

''(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

''(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

''(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

''(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

''(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.''.

(h) Section 307 (16 U.S.C. 1417) is hereby redesignated as section 305, and amended—

(1) in subsection (a)—

(A) by amending paragraph (1) to read as follows:

''(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated steps, in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;'';

(B) by striking paragraphs (2) and inserting in lieu thereof the following:

''(2) except as provided for in subsection 101(d), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean except in accordance with this title and regulations issued under pursuant to this title;''; and

(C) by amending paragraph (3) to read as follows:

''(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);'';

(2) in subsection (b)(2), by inserting ''(a)(5) and'' before ''(a)(6)''; and

(3) by deleting subsection (d).

(i) Section 308 (17 U.S.C. 1418) is redesignated as section 306, and amended by striking ''303'' and inserting in lieu thereof ''302(d)''.

(j) CLERICAL AMENDMENTS.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

''TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

Sec. 301. Findings and policy.
Sec. 302. Authority of the Secretary.
Sec. 303. Reports by the Secretary.
Sec. 304. Permits.
Sec. 305. Prohibitions.
Sec. 306. Authorization of appropriations.''.

**SEC. 6. AMENDMENTS TO THE TUNA CONVENTIONS ACT.**

(a) Section 3(c) of the Tuna Conventions Act (16 U.S.C. 952 (c)) is amended to read as follows:

''(c) at least one shall be either the Director, or an appropriate regional director, of the National Marine Fisheries Service; and''.

(b) Section 4 of the Tuna Conventions Act (16 U.S.C. 953) is amended to read as follows:

**''SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.**

The Secretary, in consultation with the United States Commissioners, shall—

(1) appoint a General Advisory Committee which shall be composed of not less than five nor more than fifteen persons with balanced representation from the various groups participating in the fisheries included under the conventions, and from nongovernmental conservation organizations. The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions; and

(2) appoint a Scientific Advisory Subcommittee which shall be composed of not less than five nor more than fifteen qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations. The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including the conservation of ecosystems; the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean. In addition, the Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the U.S. Commissioners or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include: (1) the review of data from the Program, including data received from the Inter-American Tropical Tuna Commission; (2) recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research; (3) recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments; (4) consulting with other experts as needed; and (5) recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation's National Scientific Advisory Committee (or equivalent); and

(3) establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data. The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission; and

(4) fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.''.

**SEC. 7. EFFECTIVE DATE.**

Sections 3 through 6 of this Act shall become effective upon certification by the Secretary of State to Congress that a binding resolution of the Inter-American Tropical Tuna Commission or other legally binding instrument establishing the International Dolphin Conservation Program has been adopted and is in effect.

● Mr. BREAUX. Mr. President, today, along with Senator STEVENS and others, I am introducing legislation that will implement the Panama Declaration on the protection of dolphins in the tuna fishery of the eastern tropical Pacific Ocean. The United States signed the Panama Declaration on October 4, 1995, along with the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, Vanutatu, and Venezuela. By agreeing to the Panama Declaration, these countries have demonstrated their commitment to the conservation of ecosystems and the sustainable use of living resources related to the tuna fishery in the eastern tropical Pacific.

By implementing the Panama Declaration, we will strengthen the Inter-American Tropical Tuna Commission [IATTC] which has proven to be an extremely effective international resource management organization. In conjunction with strengthening the IATTC, we will ensure the reduction of dolphin mortalities associated with tuna fishing in the eastern tropical Pacific Ocean. In addition, we will enable American tuna fishermen to re-enter that tuna fishery on the same footing as foreign fishermen.

Since 1949, the IATTC has served as the regional fishery management organization for the tuna fishery of the eastern tropical Pacific Ocean, managing that fishery in an exemplary manner. One of the fishery issues addressed under IATTC auspices is that of dolphin mortality associated with the yellowfin tuna fishery of the eastern tropical Pacific Ocean. In that fishery, tuna fishermen use dolphins to locate schools of mature yellowfin tuna which, for unknown reasons, associate with schools of dolphin. Once the tuna have been located, the fishermen use purse seine nets to encircle schools of dolphin with the objective of catching the tuna swimming below the dolphins and then safely releasing the encircled dolphins.

In recent years, there has been some concern about these fishing practices which, in the past, have resulted in excessive incidental mortality to dolphins. In 1992, in an effort to address this problem, 10 nations with tuna vessels operating in the eastern tropical Pacific signed an agreement known as the La Jolla Agreement. The La Jolla Agreement established the International Dolphin Conservation Program, or IDCP, which is administered by the IATTC.

The regional objective of the IDCP is to reduce dolphin mortalities to insignificant levels approaching zero, with a goal of eliminating them entirely. Pursuant to that program, the number of dolphins killed accidentally in the tuna fishery has been reduced to less than 4,000 annually from a previous average of over 300,000 killed annually. The current dolphin mortality represents approximately four one-hundredths of one percent of the 9.5 million dolphins of the eastern tropical Pacific. Thus, the IDCP has been remarkably successful in achieving its goal of reducing unintended dolphin mortalities to biologically insignificant levels approaching zero.

This legislation will implement the Panama Declaration, formalizing the 1992 La Jolla Agreement and making it a legal agreement binding on the member countries of the IATTC as soon as it is formally adopted. The Panama Declaration strengthens the IDCP and

furthers its goals by placing a cap of 5,000 per year on dolphin mortalities.

Although U.S. fishermen developed the techniques now used in capturing tuna and safely releasing dolphins, they effectively have been foreclosed from fishing in the eastern tropical Pacific since the 1992 amendments to the Marine Mammal Protection Act, which prohibit the encirclement of dolphins. The legislation to implement the Panama Declaration will eliminate the inequitable treatment of United States tuna fishermen and enable them to reenter this important fishery on an equal footing with foreign fishermen.

The 1992 ban on encirclement of dolphins has required fishermen to turn to alternative fishing practices, the use of which causes excessive bycatch of endangered sea turtles, sharks, billfish, and great numbers of immature tuna and other fish species. This legislation will result in a reduction of this bycatch problem, as well, as it will permit fishermen to encircle dolphins as long as they comply with the stringent regulations imposed by the IATTC.

The purpose of this bill is to improve and solidify efforts to protect dolphins in the eastern tropical Pacific Ocean, as well as to eliminate the bycatch problems caused by alternative fishing methods. The Panama Declaration establishes a common environmental standard for all countries fishing in the region. By formalizing the La Jolla Agreement, U.S. and foreign fishermen in the eastern tropical Pacific will be subject to the most stringent fishery regulations in the world. The Panama Declaration represents a tremendous environmental achievement, and it enjoys support from such diverse interests as environmental groups, the U.S. tuna fishing fleet, the Clinton administration, and other countries whose fishermen operate in the eastern tropical Pacific. I encourage my colleagues to join me in supporting this legislation in order that we may implement this important international agreement.●

● Mr. CHAFEE. Mr. President, I am pleased to join as an original cosponsor of legislation introduced by Senators STEVENS and BREAUX to implement the Panama Declaration. A dozen countries, several major environmental organizations, the administration, and Senators on both sides of the aisle have come together in support of this effort.

If we are going to sustain our renewable resources, and particularly our marine resources, we need to take a comprehensive ecosystem approach toward resource use. After all, management of a single species does not always produce benefits for the entire ecosystem. It is important that we seek to reduce bycatch of other marine species, such as sharks, sea turtles, and billfish, while we minimize our impact on dolphins. That is why this bill is about more than just tuna and dolphins. This bill includes changes in current law that will have a positive impact on numerous species in the marine environment.

The Declaration that this bill would implement will commit the United States and a number of cosignatory nations to conserving the valuable marine life in the eastern Pacific. Moreover, by doing so on a multilateral basis, many of the ongoing international disputes over tuna may effectively be resolved. Such strong and sound international efforts are therefore welcome.

This legislation represents an important opportunity for all parties interested in marine resources to work together toward our common goal: effective conservation of dolphin and other marine species in the eastern Pacific ecosystem. I urge my colleagues to take the time to examine this legislation, and offer comments and suggestions. We have the chance to fashion a long-term solution to the question of marine mammal conservation, and it is my hope that this bill will serve as the vehicle toward that end.●

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By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. 1422. A bill to authorize the Secretary of the Interior to acquire property in the town of East Hampton, Suffolk County, NY, for inclusion in the Amagansett National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

SHADMOOR ACQUISITION LEGISLATION

● Mr. MOYNIHAN. Mr. President, I offer legislation with my esteemed colleague Senator D'AMATO that would allow the Secretary of the Interior to acquire a parcel of land on Long Island known as Shadmoor. The land would be added to the Amagansett National Wildlife Refuge. Shadmoor supports one of the largest populations of New York State's most endangered plant, the sandplain gerardia. The gerardia lives in only 12 places in the world, 6 of which are on Long Island.

The privately owned land was targeted by the Fish and Wildlife Service for acquisition in 1991, but no money has been available. Meanwhile, the possibility of development on the parcel has increased dramatically. New York has received little of the already scarce Federal money for the acquisition of land to protect endangered plants. This is clearly an opportunity to begin to rectify that.

Shadmoor has other significance. It contains six other rare plants. It has bunkers built during World War II. The dramatic coastline has 70-foot cliffs eroded by wind and surf. In all, it would be a tremendous addition to the Amagansett Refuge.

Mr. President, the sandplain gerardia is a part of our natural heritage that could easily disappear forever. This is our chance to preserve one of its last strongholds. I ask my colleagues to support this authorization.

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

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

S. 1422

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

**SECTION 1. AUTHORITY TO ACQUIRE PROPERTY FOR INCLUSION IN THE AMAGANSETT NATIONAL WILDLIFE REFUGE.**

(a) AUTHORITY TO ACQUIRE PROPERTY.—The Secretary of the Interior may acquire, for inclusion in the Amagansett National Wildlife Refuge, the area known as the ''Shadmoor Parcel'', consisting of approximately 98 acres (as determined by the Secretary) located along the Atlantic Ocean adjacent to municipal park land in the town of East Hampton, Suffolk County, New York.

(b) MANAGEMENT OF ACQUIRED INTERESTS.—Land and interests in land acquired by the United States under this section shall be managed by the Secretary of the Interior as part of the Amagansett National Wildlife Refuge.●

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By Mr. GREGG (for himself, Mrs. KASSEBAUM, Mr. NUNN, Mr. JEFFORDS, and Mr. GORTON):

S. 1423. A bill to amend the Occupational Safety and Health Act of 1970 to make modifications to certain provisions, and for other purposes; to the Committee on Labor and Human Resources.

THE OCCUPATIONAL SAFETY AND HEALTH REFORM AND REINVENTION ACT

● Mr. GREGG. Mr. President, I am pleased to be joined by Senators KASSEBAUM, NUNN, GORTON, and JEFFORDS in introducing the Occupational Safety and Health Reform and Reinvention Act. Let me say at the outset that in proposing and considering OSHA reform, worker safety was our first concern. I am firmly committed to ensuring a safe and healthy workplace and will not support legislation which puts that in jeopardy. I believe in this bill that we have accomplished true OSHA reform without compromising the safety of our workers in any way.

Throughout my career in public office, I have worked to make Government more efficient and more user and consumer friendly. Federal Government agencies have grown so large and become so bureaucratic that they are often not providing the kinds of services and proper oversight that was originally intended when they were created. Too often Government carries a heavy stick, but no carrot, when it interacts with individual citizens and businesses throughout our country.

I believe that it is high time we take a close look at how we can improve the way Government works and, at the same time, provide incentives for the private sector to act more responsibly. Americans will be better served in a climate where people in Government, and in business, can work together to solve problems in a spirit of cooperation, rather than in an atmosphere strictly of threats, intimidation, and punitive measures.

When OSHA was enacted, its intended purpose was to make the workplace free from ''recognized hazards that are causing, or likely to cause death or serious physical harm to . . . employees.'' As is the case with many programs established by Congress over the years, OSHA has developed a well-earned reputation for over-regulation. OSHA has moved from its original purpose of protecting workers to hindering businesses with excessive mandates.

While I feel that much of the problem within OSHA is of a cultural nature, the bill we are introducing today will concentrate on relieving OSHA's oppressive and burdensome regulations, thereby removing a feeling among American employers and employees that OSHA is the ''bad cop.'' Our legislation puts in place partnerships for assuring safety and health in the workplace.

This balanced approach will include a consultation program, voluntary compliance and third-party certification, employee involvement, warnings in lieu of citations for nonserious violations, and reduced penalties for nonserious violations. This legislation will use incentives, rather than penalties to enhance workplace safety. It will allow companies with ''clean'' safety records to implement their own health and safety programs.

In closing, I would like to thank Senator KASSEBAUM on her leadership as chairman of the Labor and Human Resources Committee. Without her dedication and hard work this legislation would not be possible. I would also like to thank Senator NUNN, Senator JEFFORDS, and Senator GORTON. They both have been instrumental in the drafting of this important legislation. I look forward to working with them and the members of the Labor Committee on continuing to bring this legislation to fruition.

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

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

S. 1423

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

**SECTION 1. SHORT TITLE; REFERENCE.**

(a) SHORT TITLE.—This Act may be cited as the ''Occupational Safety and Health Reform and Reinvention Act''.

(b) REFERENCE.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.).

**SEC. 2. EMPLOYEE PARTICIPATION.**

Section 4 (29 U.S.C. 653) is amended by adding at the end the following new subsection:

''(c) In order to carry out the purpose of this Act to encourage employers and employees in their efforts to reduce the number of occupational safety and health hazards, an employee participation program—

''(1) in which employees participate;

''(2) which exists for the purpose, in whole or in part, of dealing with employees concerning safe and healthful working conditions; and

''(3) which does not have, claim, or seek authority to negotiate or enter into collective bargaining agreements with the employer or to amend existing collective bargaining agreements between the employer and any labor organization,

shall not constitute a 'labor organization' for purposes of section 8(a)(2) of the National Labor Relations Act (29 U.S.C. 158(a)(2)) or a representative for purposes of sections 1 and 2 of the Railway Labor Act (45 U.S.C. 151 and 151a). Nothing in this section shall be construed to affect employer obligations under section 8(a)(5) of the National Labor Relations Act (29 U.S.C. 158(a)(5)) to deal with a certified or recognized employee representative with respect to health and safety matters to the extent otherwise required by law.''.

**SEC. 3. INSPECTIONS.**

(a) TRAINING AND AUTHORITY OF SECRETARY.—Section 8 (29 U.S.C. 657) is amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by adding after subsection (f) the following new subsection:

''(g)(1) Except as provided in paragraph (2), the Secretary shall not conduct routine inspections of, or enforce any standard, rule, regulation, or order under this Act with respect to—

''(A) any person who is engaged in a farming operation that does not maintain a temporary labor camp and that employs 10 or fewer employees; or

''(B) any employer of not more than 10 employees if such employer is included within a category of employers having an occupational injury or a lost workday case rate (determined under the Standard Industrial Classification Code for which such data are published) that is less than the national average rate as most recently published by the Secretary acting through the Bureau of Labor Statistics under section 24.

''(2) In the case of persons who are not engaged in farming operations, paragraph (1) shall not be construed to prevent the Secretary from—

''(A) providing consultations, technical assistance, and educational and training services and conducting surveys and studies under this Act;

''(B) conducting inspections or investigations in response to complaints of employees, issuing citations for violations of this Act found during such inspections, and assessing a penalty for violations that are not corrected within a reasonable abatement period;

''(C) taking any action authorized by this Act with respect to imminent dangers;

''(D) taking any action authorized by this Act with respect to a report of an employment accident that is fatal to at least one employee or that results in the hospitalization of at least three employees, and taking any action pursuant to an investigation conducted with respect to such report; and

''(E) taking any action authorized by this Act with respect to complaints of discrimination against employees for exercising their rights under this Act.''.

(b) INSPECTIONS BASED ON EMPLOYEE COMPLAINTS.—Section 8(f) (29 U.S.C. 657(f)) is amended to read as follows:

''(f)(1)(A) An employee or representative of an employee who believes that a violation of a safety or health standard exists that threatens physical harm, or that an imminent danger exists, may request an inspection by providing notice of the violation or danger to the Secretary or an authorized representative of the Secretary.

''(B) Notice under subparagraph (A) shall be reduced to writing, shall set forth with reasonable particularity the grounds for the notice, and shall state whether the alleged violation or danger has been brought to the attention of the employer and if so, whether the employer has refused to take any action to correct the alleged violation or danger.

''(C)(i) The notice under subparagraph (A) shall be signed by the employees or representative of employees and a copy shall be provided to the employer or the agent of the employer not later than the time of arrival of an occupational safety and health agency inspector to conduct the inspection.

''(ii) Upon the request of the person providing the notice under subparagraph (A), the name of the person and the names of individual employees referred to in the notice shall not appear in the copy of the notice or on any record published, released, or made available pursuant to subsection (i), except that the Secretary may disclose this information during prehearing discovery in a contested case.

''(D) The Secretary may only make an inspection under this section if such an inspection is requested by an employee or a representative of employees.

''(E)(i) If, upon receipt of the notice under subparagraph (A), the Secretary determines that there are reasonable grounds to believe the violation or danger exists, the Secretary may conduct a special inspection in accordance with this section as soon as practicable. Except as provided in clause (ii), the special inspection shall be conducted for the limited purpose of determining whether the violation or danger exists.

''(ii) During a special inspection described in clause (i), the Secretary may take appropriate actions with respect to health and safety violations that are not within the scope of the inspection and that are observed by the Secretary or an authorized representative of the Secretary during the inspection.

''(2) If the Secretary determines either before, or as a result of, an inspection that there are not reasonable grounds to believe a violation or danger exists, the Secretary shall notify the complaining employee or employee representative of the determination and, upon request by the employee or employee representative, shall provide a written statement of the reasons for the Secretary's final disposition of the case.

''(3) The Secretary or an authorized representative of the Secretary may, as a method of investigating an alleged violation or danger under this section, attempt, if feasible, to contact an employer by telephone, facsimile, or other appropriate methods to determine whether—

''(A) the employer has taken corrective actions with respect to the alleged violation or danger; or

''(B) there are reasonable grounds to believe that a hazard exists.

''(4) The Secretary is not required to conduct a special inspection under this subsection if the Secretary determines that a request for a special inspection was made for reasons other than the safety and health of the employees of an employer or that the employees of an employer are not at risk.''.

**SEC. 4. WORKSITE-BASED INITIATIVES.**

(a) PROGRAM.—The Act (29 U.S.C. 651 et seq.) is amended by inserting after section 8 the following new section:

**''SEC. 8A. HEALTH AND SAFETY REINVENTION INITIATIVES.**

''(a) IN GENERAL.—The Secretary shall establish a program to encourage voluntary employer and employee efforts to provide safe and healthful working conditions.

''(b) EXEMPTION.—In establishing a program under subsection (a), the Secretary

shall, in accordance with subsection (c), provide an exemption from all safety and health inspections and investigations for a place of employment maintained by an employer participating in such program, except that this subsection shall not apply to inspections and investigations conducted for the purpose of—

''(1) determining the cause of a workplace accident that resulted in the death of one or more employees or the hospitalization of three or more employees; or

''(2) responding to a request for an inspection pursuant to section 8(f)(1).

''(c) EXEMPTION REQUIREMENTS.—To qualify for an exemption under subsection (b), an employer shall provide to the Secretary evidence that, with respect to the employer—

''(1) during the preceding year, the place of employment or conditions of employment have been reviewed or inspected under—

''(A) a consultation program provided by recipients of grants under section 7(c)(1) or 23(g);

''(B) a certification or consultation program provided by an insurance carrier or other private business entity pursuant to a State program, law, or regulation if the person conducting the review or inspection meets standards established by, and is certified by, the Secretary; or

''(C) a workplace consultation program provided by a qualified person certified by the Secretary for purposes of providing such consultations,

that includes a means of ensuring that serious hazards identified in the consultation are corrected within an appropriate time and that, where applicable, permits an employee (of the employer) who is a representative of a health and safety employee participation program to accompany a consultant during a workplace inspection; or

''(2) the place of employment has an exemplary safety and health record and the employer maintains a safety and health program for the workplace that includes—

''(A) procedures for assessing hazards to the employer's employees that are inherent to the employer's operations or business;

''(B) procedures for correcting or controlling such hazards in a timely manner based upon the severity of the hazard; and

''(C) an employee participation program that, at a minimum—

''(i) includes regular consultation between the employer and nonsupervisory employees regarding safety and health issues;

''(ii) includes the opportunity for nonsupervisory employees to make recommendations regarding hazards in the workplace and to receive responses or to implement improvements in response to such recommendations; and

''(iii) ensures that participating nonsupervisory employees have training or expertise on safety and health issues consistent with the responsibilities of such employees.

''(d) MODEL PROGRAM.—The Secretary shall publish and make available to employers a model safety and health program that if completed by the employer shall be considered to meet the requirements for an exemption under this section.

''(e) CERTIFICATION.—The Secretary may require that, to claim the exemption under subsection (b), an employer provide certification to the Secretary and notice to the employer's employees of such eligibility. The Secretary may conduct random audits of the records of employers to ensure against falsification of the records by the employers.

''(f) RECORDS.—Records of a safety and health inspection, audit, or review that is conducted by an employer and that is not conducted under a program described in subsection (a) shall not be required to be disclosed to the Secretary unless—

''(1) the Secretary is conducting an investigation involving a fatality or a serious injury of an employee of such employer; or

''(2) such employer has not taken measures to address serious hazards in the workplace of the employer identified during such inspection, audit, or review.''.

(b) DEFINITION.—Section 3 (29 U.S.C. 652) is amended by adding at the end the following new paragraph:

''(15) The term 'exemplary safety and health record' means such record as the Secretary shall annually determine for each industry. Such record shall include employers that have had, in the most recent reporting period, no employee death caused by occupational injury and fewer lost workdays due to occupational injury and illness than the average for the industry of which the employer is a part.''.

**SEC. 5. EMPLOYER DEFENSES.**

Section 9 (29 U.S.C. 658) is amended by adding at the end the following new subsections:

''(d) No citation may be issued under subsection (a) to an employer unless the employer knew, or with the exercise of reasonable diligence would have known, of the presence of the alleged violation. No citation shall be issued under subsection (a) to an employer for an alleged violation of section 5, any standard, rule, or order promulgated pursuant to section 6, any other regulation promulgated under this Act, or any other occupational safety and health standard, if such employer demonstrates that—

''(1) employees of such employer have been provided with the proper training and equipment to prevent such a violation;

''(2) work rules designed to prevent such a violation have been established and adequately communicated to employees by such employer and the employer has taken reasonable measures to discipline employees when violations of such work rules have been discovered;

''(3) the failure of employees to observe work rules led to the violation; and

''(4) reasonable steps have been taken by such employer to discover any such violation.

''(e) A citation issued under subsection (a) to an employer who violates the requirements of section 5, of any standard, rule, or order promulgated pursuant to section 6, or any other regulation promulgated under this Act shall be vacated if such employer demonstrates that employees of such employer were protected by alternative methods equally or more protective of the employee's safety and health than those required by such standard, rule, order, or regulation in the factual circumstances underlying the citation.

''(f) Subsections (d) and (e) shall not be construed to eliminate or modify other defenses that may exist to any citation.''.

**SEC. 6. INSPECTION QUOTAS.**

Section 9 (29 U.S.C. 658), as amended by section 5, is further amended by adding at the end thereof the following new subsection:

''(g) The Secretary shall not establish any quota for any subordinate within the Occupational Safety and Health Administration (including any regional director, area director, supervisor, or inspector) with respect to the number of inspections conducted, citations issued, or penalties collected.''.

**SEC. 7. WARNINGS IN LIEU OF CITATIONS.**

Subsection (a) of section 9 (29 U.S.C. 658(a)) is amended to read as follows:

''(a)(1) Except as provided in paragraph (2), if, upon inspection or investigation, the Secretary or an authorized representative of the Secretary believes that an employer has violated a requirement of section 5, of any regulation, rule, or order promulgated pursuant to section 6, or of any regulations prescribed pursuant to this Act, the Secretary may with reasonable promptness issue a citation to the employer. Each citation shall be in writing and shall describe with particularity the nature of the violation, including a reference to the provision of the Act, regulation, rule, or order alleged to have been violated. The citation shall fix a reasonable time for the abatement of the violation.

''(2) The Secretary or the authorized representative of the Secretary—

''(A) may issue a warning in lieu of a citation with respect to a violation that has no significant relationship to employee safety or health; and

''(B) may issue a warning in lieu of a citation in cases in which an employer in good faith acts promptly to abate a violation if the violation is not a willful or repeat violation.

''(3) Nothing in this Act shall be construed as prohibiting the Secretary or the authorized representative of the Secretary from providing technical or compliance assistance to an employer in correcting a violation discovered during an inspection or investigation under this Act without issuing a citation.''.

**SEC. 8. REDUCED PENALTIES FOR NONSERIOUS VIOLATIONS AND MITIGATING CIRCUMSTANCES.**

Section 17 (29 U.S.C. 666) is amended—

(1) in subsection (c), by striking ''up to $7,000'' and inserting ''not more than $100'';

(2) in subsection (i), to read as follows:

''(i) Any employer who violates any of the posting or paperwork requirements other than serious or fraudulent reporting requirement deficiencies, prescribed under this Act shall not be assessed a civil penalty for such violation unless it is determined that the employer has violated subsection (a) or (d) with respect to such posting or paperwork requirements.''; and

(3) in subsection (j), to read as follows:

''(j)(1) The Commission shall have authority to assess all civil penalties under this section. In assessing a penalty under this section, the Commission shall give due consideration to the appropriateness of the penalty with respect to—

''(A) the size of the employer;

''(B) the number of employees exposed to the violation;

''(C) the likely severity of any injuries directly resulting from such violation;

''(D) the probability that the violation could result in injury or illness;

''(E) the employer's good faith in correcting the violation after the violation has been identified;

''(F) the extent to which employee misconduct was responsible for the violation;

''(G) the effect of the penalty on the employer's ability to stay in business;

''(H) the history of previous violations; and

''(I) whether the violation is the sole result of the failure to meet a requirement, under this Act or prescribed by regulation, with respect to the posting of notices, the preparation or maintenance of occupational safety and health records, or the preparation, maintenance, or submission of any written information.

''(2)(A) A penalty assessed under this section shall be reduced by at least 25 percent in any case in which the employer—

''(i) maintains a safety and health program described in section 8A(a) for the worksite at which the violation (for which the penalty was assessed) took place; or

''(ii) demonstrates that the worksite at which the violation (for which the penalty was assessed) took place has an exemplary safety record.

If the employer maintains a program described in clause (i) and has the record described in clause (ii), the penalty shall be reduced by at least 50 percent.

''(B) A penalty assessed against an employer for a violation other than a violation that—

''(i) has been previously cited by the Secretary;

''(ii) creates an imminent danger;

''(iii) has caused death; or

''(iv) has caused a serious incident,

shall be reduced by at least 75 percent if the worksite at which such violation occurred has been reviewed or inspected under a program described in section 8A(c)(1) during the 1-year period before the date of the citation for such violation, and such employer has complied with recommendations to bring such employer into compliance within a reasonable period of time.''.

**SEC. 9. CONSULTATION SERVICES.**

Section 21(c) (29 U.S.C. 671(c)) is amended—

(1) by striking ''(c) The'' and inserting ''(c)(1) The''; and

(2) by adding at the end the following new paragraph:

''(2)(A) The Secretary shall, through the authority granted under section 7(c) and paragraph (1), enter into cooperative agreements with States for the provision of consultation services by such States to employers concerning the provision of safe and healthful working conditions. A State that has a plan approved under section 18 shall be eligible to enter into a cooperative agreement under this paragraph only if such plan does not include provisions for federally funded consultation to employers.

''(B)(i) Except as provided in clause (ii), the Secretary shall reimburse a State that enters into a cooperative agreement under subparagraph (A) in an amount that equals 90 percent of the costs incurred by the State under such agreement.

''(ii) A State shall be fully reimbursed by the Secretary for—

''(I) training approved by the Secretary for State staff operating under a cooperative agreement; and

''(II) specified out-of-State travel expenses incurred by such staff.

''(iii) A reimbursement paid to a State under this subparagraph shall be limited to costs incurred by such State for the provision of consultation services under this paragraph and the costs described in clause (ii).

''(C) Notwithstanding any other provision of law, at least 15 percent of the total amount of funds appropriated for the Occupational Safety and Health Administration for a fiscal year shall be used for education, consultation, and outreach efforts.''.

**SEC. 10. VOLUNTARY PROTECTION PROGRAMS.**

(a) COOPERATIVE AGREEMENTS.—The Secretary of Labor shall establish cooperative agreements to encourage the establishment of comprehensive safety and health management systems that include—

(1) requirements for systematic assessment of hazards;

(2) comprehensive hazard prevention, mitigation, and control programs;

(3) active and meaningful management and employee participation in the voluntary program described in subsection (b); and

(4) employee safety and health training.

(b) VOLUNTARY PROTECTION PROGRAM.—The Secretary of Labor shall establish a voluntary protection program to encourage the achievement of excellence in both the technical and managerial protection of employees from occupational hazards as follows:

(1) APPLICATION.—Volunteers for the program shall be required to submit an application to the Secretary of Labor demonstrating that the worksite with respect to which the application is made meets such qualifications as the Secretary of Labor may prescribe for participation in the program.

(2) ONSITE EVALUATIONS.—There shall be onsite evaluations by representatives of the Secretary of Labor to ensure a high level of protection of employees. The onsite visits shall not result in enforcement citations under the Occupational Safety and Health Act of 1970, as amended, unless representatives of the Secretary of Labor observe hazards for which no agreement can be made to abate the hazards in a reasonable amount of time.

(3) INFORMATION.—Volunteers who are approved for participation by the Secretary of Labor shall assure the Secretary of Labor that information about their safety and health program shall be made readily available to the Secretary of Labor to share with employers.

(4) REEVALUATIONS.—Continued participation in the program shall require periodic reevaluations by the Secretary of Labor.

(5) EXEMPTIONS.—A site with respect to which a program has been approved shall during participation in the program be exempt from inspections and certain paperwork requirements to be determined by the Secretary of Labor, except inspections or investigations arising from employee complaints, fatalities, catastrophes, or significant toxic releases.

(c) ANNUAL FEE.—The Secretary of Labor may charge an annual fee to participants in a voluntary protection program described in subsection (b). The fee shall be in an amount determined by the Secretary of Labor, and amounts collected shall be deposited in the general treasury of the United States.●

● Mrs. KASSEBAUM. Mr. President, I join my colleagues, Senators GREGG, NUNN, JEFFORDS, and GORTON, in introducing the Occupational Safety and Health Reform and Reinvention Act of 1995. Senator GREGG has been instrumental in crafting this legislation, which is an important step toward revitalizing a troubled agency.

As chairman of the Committee on Labor and Human Resources, I frequently hear that OSHA focuses too much on paperwork and is too quick to issue citations in spite of good faith compliance efforts. Despite these criticisms, I remain committed to a strong OSHA program and will not compromise workplace safety.

Mr. President, as committed as I am to this issue, we also must recognize that a great deal has changed since Congress first enacted the Occupational Safety and Health [OSH] Act in 1970. We have learned that although strong enforcement is important, we do not need a one-size-fits-all OSHA enforcement policy. Most employers agree that safety makes good business sense, so we should not treat all employers the same way. We also have watched the Labor Department become preoccupied with paperwork rather than real safety hazards, and that needs to be changed.

Mr. President, this OSHA reform bill will refocus OSHA on its primary mission, which is to improve the health and safety of American workers. It also requires OSHA to differentiate among employers based on their commitment to workplace safety.

The legislation we introduce today provides positive incentives for employers to comply with the law. As a result, OSHA's limited resources will focus on the most dangerous work sites. Rather than offering more mandates and punitive sanctions, this bill rewards employers that establish effective health and safety programs or that utilize certified, private sector safety and health professionals by exempting these employers from regular, programmed OSHA inspections.

In this way, OSHA may concentrate its efforts on the most dangerous workplaces. OSHA must use its resources efficiently.

In addition, the bill reduces penalties for paperwork and other nonserious violations. OSHA must concentrate on serious hazards and not on posting requirements and paperwork.

Mr. President, the administration has already endorsed many of the reforms in this proposal in their Reinventing Government report. I applaud those efforts and will assist the Labor Department as we move toward our common goal of improved safety.

Mr. President, this legislation is long overdue, and I urge my colleagues to support it.●

● Mr. NUNN. Mr. President, I would like to join my colleagues Senators KASSEBAUM, GREGG, and GORTON in introducing legislation to reform the Occupational Safety and Health Administration [OSHA].

As my colleagues know, OSHA is one of the most frequently criticized agencies in the Federal Government. Recent polls show that OSHA ties with the Internal Revenue Service as the Federal agency which causes the most dissatisfaction among Americans. While everyone agrees that Government has a responsibility to help ensure safe and healthy workplaces, OSHA's reputation in this area is one of inefficient methods of promoting workplace safety that often alienate businesses and workers alike.

I understand that some in Congress favor abolishing the agency entirely in order to remove the expensive and bureaucratic compliance burdens from business. Others favor maintaining the status quo or would have OSHA impose stiffer penalties and more specific requirements on businesses in order to coerce greater levels of workplace safety. I do not agree with any of these approaches. Instead, I am pleased to join my colleagues in crafting a commonsense approach which addresses past problems and keeps OSHA as a viable agency that is more responsive to the needs of business and more efficient in protecting workers.

The bill has two main thrusts. The first is to rebalance the focus of OSHA away from solely the ''stick'' method of ensuring compliance which consists of stiff fines and to-the-letter enforcement of rules. Instead, we attempt to codify and extend OSHA's ongoing efforts to shift toward the ''carrot'' method, which rewards companies making successful, good-faith efforts at maintaining and improving safety in

the workplace. The enforcement authority available to OSHA would still remain, however OSHA would be able to utilize other tools to improve workplace safety.

The second thrust of the bill is to make OSHA's operations more efficient. Studies have shown that many sites of serious workplace accidents have not been inspected by federal OSHA inspectors for several years prior to the accident. The studies showed that this problem is due in part to a shortage of inspectors and a mandate that OSHA follow up all complaints, no matter how minor. This proposed legislation would allow OSHA greater flexibility in allocating its resources so it can give the most serious workplace problems its highest priority.

Mr. President, this bill, like all other legislative proposals, needs careful examination and can be approved. I am confident, however, that this proposal represents a good start to addressing the problems that affect this agency. I look forward to working with my colleague from Kansas, Senator KASSEBAUM, my colleague from New Hampshire, Senator GREGG, and my colleague from Washington, Senator GORTON at perfecting the measure, and I encourage our other Senate Colleagues to join with us in this process.●

## ADDITIONAL COSPONSORS

S. 327

At the request of Mr. HATCH, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of S. 327, a bill to amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

S. 704

At the request of Mr. SIMON, the names of the Senator from Indiana [Mr. COATS] and the Senator from California [Mrs. FEINSTEIN] were added as cosponsors of S. 704, a bill to establish the Gambling Impact Study Commission.

S. 949

At the request of Mr. GRAHAM, the names of the Senator from Michigan [Mr. ABRAHAM], the Senator from Mississippi [Mr. COCHRAN], the Senator from Washington [Mr. GORTON], and the Senator from Connecticut [Mr. LIEBERMAN] were added as cosponsors of S. 949, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the death of George Washington.

S. 978

At the request of Mrs. HUTCHISON, the names of the Senator from Kentucky [Mr. MCCONNELL], the Senator from Pennsylvania [Mr. SANTORUM], the Senator from Virginia [Mr. WARNER], and the Senator from Ohio [Mr. DEWINE] were added as cosponsors of S. 978, a bill to facilitate contributions to charitable organizations by codifying certain exemptions from the Federal securities laws, to clarify the inapplicability of antitrust laws to charitable gift annuities, and for other purposes.

S. 1043

At the request of Mr. PRESSLER, his name was added as a cosponsor of S. 1043, a bill to amend the Earthquake Hazards Reduction Act of 1977 to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, and for other purposes.

S. 1353

At the request of Mr. DORGAN, the names of the Senator from Rhode Island [Mr. CHAFEE] and the Senator from Washington [Mrs. MURRAY] were added as cosponsors of S. 1353, a bill to amend title 23, United States Code, to require the transfer of certain Federal highway funds to a State highway safety program if a State fails to prohibit open containers of alcoholic beverages and consumption of alcoholic beverages in the passenger area of motor vehicles, and for other purposes.

S. 1401

At the request of Mr. BENNETT, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 1401, a bill to amend the Surface Mining Control and Reclamation Act of 1977 to minimize duplication in regulatory programs and to give States exclusive responsibility under approved States program for permitting and enforcement of the provisions of that Act with respect to surface coal mining and reclamation operations, and for other purposes.

## AMENDMENTS SUBMITTED

## THE COAST GUARD AUTHORIZATION ACT OF 1995

### STEVENS AMENDMENT NO. 3058

Mr. LOTT (for Mr. STEVENS, for himself, Mr. PRESSLER, Mr. HOLLINGS, Mr. KERRY, Ms. SNOWE, Mrs. HUTCHISON, and Mr. BREAUX) proposed an amendment to bill (S. 1004) to authorize appropriations for the U.S. Coast Guard, and for other purposes; as follows:

On page 77, beginning with line 3, strike through line 16 on page 79.

On page 79, line 17, strike ''(b)'' and insert ''(a)''.

On page 81, strike lines 3 through 6 and insert the following:

ation Program—

(A) $16,200,000, to remain available until expended, of which up to $14,200,000 may be made available under section 104(e) of title 49, United States Code; and

(B) for fiscal year 1995, $12,880,000, which may be made available under that section.

On page 81, line 12, strike ''(c)'' and insert ''(b)''.

On page 82, beginning with line 3, strike through line 5 on page 83 and insert the following:

(a) AUTHORIZED MILITARY STRENGTH LEVEL.—The Coast Guard is authorized an end-of-year strength for active duty personnel of 38,400 as of September 30, 1996. The authorized strength does not include members of the Ready Reserve called to active duty for special emergency augmentation of regular Coast Guard forces for periods of 180 days or less.

(b) AUTHOROZED LEVEL OF MILITARY TRAINING.—The Coast Guard is authorized average military training study loads for fiscal year 1996 as follows:

(1) For recruit and special training, 1,604 student years.

(2) For flight training, 85 student years.

(3) For professional training in military and civilian institutions, 330 student years.

(4) For officer acquisition, 874 student years.

On page 91, between lines 13 and 14, insert the following:

**SEC. 208. ACCESS TO NATIONAL DRIVER REGISTER INFORMATION ON CERTAIN COAST GUARD PERSONNEL.**

(a) AMENDMENT TO TITLE 14.—Section 93 of title 14, United States Code, as amended by section 203, is further amended—

(1) by striking ''and'' after the semicolon at the end of paragraph (u);

(2) by striking the period at the end of paragraph (v) and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(w) require that any officer, chief warrant officer, or enlisted member of the Coast Guard or Coast Guard Reserve (including a cadet or an applicant for appointment or enlistment to any of the foregoing and any member of a uniformed service who is assigned to the Coast Guard) request that all information contained in the National Driver Register pertaining to the individual, as described in section 30304(a) of title 49, be made available to the Commandant under section 30305(a) of title 49, may receive that information, and upon receipt, shall make the information available to the individual.''.

(b) AMENDMENT TO TITLE 49.—Section 30305(b) of title 49, United States Code, is amended by redesignating paragraph (7) as paragraph (8) and inserting after paragraph (6) the following new paragraph:

''(7) an individual who is an officer, chief warrant officer, or enlisted member of the Coast Guard or Coast Guard Reserve (including a cadet or an applicant for appointment or enlistment of any of the foregoing and any member of a uniformed service who is assigned to the Coast Guard) may request the chief driver licensing official of a State to provide information about the individual under subsection (a) of this section to the Commandant of the Coast Guard. The Commandant may receive the information and shall make the information available to the individual. Information may not be obtained from the Register under this paragraph if the information was entered in the Register more than 3 years before the request, unless the information is about a revocation or suspension still in effect on the date of the request.''.

**SEC. 209. COAST GUARD HOUSING AUTHORITIES.**

(a) IN GENERAL.—Part I of title 14, United States Code, is amended by inserting after chapter 17 the following new chapter:

''CHAPTER 18—COAST GUARD HOUSING AUTHORITIES

''SUBCHAPTER A

''Section

''671. Definitions.

''672. General Authority.

''673. Direct loans and loan guarantees.

''674. Leasing of housing to be constructed.

''675. Investments in nongovernmental entities.

''676. Rental guarantees.

''677. Differential lease payments.
''678. Conveyance or lease of existing property and facilities.
''679. Interim leases.
''680. Unit size and type.
''681. Support facilities.
''682. Assignment of members of the armed forces to housing units.
''683. Coast Guard Housing Improvement Fund.
''684. Reports.
''685. Expiration of authority.

''SUBCHAPTER B

''691. Conveyance of damaged or deteriorated military family housing; use of proceeds.
''692. Limited partnerships with private developers of housing.

**''SUBCHAPTER A**

**''§ 671. Definitions**

''In this subchapter the term 'support facilities' means facilities relating to military housing units, including child care centers, day care centers, community centers, housing offices, maintenance complexes, dining facilities, unit offices, fitness centers, parks, and other similar facilities for the support of military housing.

**''§ 672. General authority**

''In addition to any other authority provided for the acquisition, construction, or improvement of military family housing or military unaccompanied housing, the Secretary may exercise any authority or any combination of authorities provided under this subchapter in order to provide for the acquisition, construction, improvement or rehabilitation by private persons of the following:

''(1) Family housing units on or near Coast Guard installations within the United States and its territories and possessions.

''(2) Unaccompanied housing units on or near such Coast Guard installations.

**''§ 673. Direct loans and loans guarantees**

''(a) DIRECT LOANS.—(1) Subject to subsection (c), the Secretary may make direct loans to persons in the private sector in order to provide funds to such persons for the acquisition, construction, improvement, or rehabilitation of housing units that the Secretary determines are suitable for use as military family housing or as military unaccompanied housing.

''(2) The Secretary shall establish such terms and conditions with respect to loans made under this subsection as the Secretary considers appropriate to protect the interests of the United States, including the period and frequency for repayment of such loans and the obligations of the obligors on such loans upon default.

''(b) LOAN GUARANTEES.—(1) Subject to subsection (c), the Secretary may guarantee a loan made to any person in the private sector if the proceeds of the loan are to be used by the person to acquire, construct, improve, or rehabilitate housing units that the Secretary determines are suitable for use as military family housing or as military unaccompanied housing.

''(2) The amount of a guarantee on a loan that may be provided under paragraph (1) may not exceed the amount equal to the lesser of—

''(A) the amount equal to 80 percent of the value of the project; or

''(B) the amount of the outstanding principal of the loan.

''(3) The Secretary shall establish such terms and conditions with respect to guarantees of loans under this subsection as the Secretary considers appropriate to protect the interests of the United States, including the rights and obligations of obligors of such loans and the rights and obligations of the United States with respect to such guarantees.

''(c) LIMITATION ON DIRECT LOAN AND GUARANTEE AUTHORITY.—Direct loans and loan guarantees may be made under this section only to the extent that appropriations of budget authority to cover their cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5)) are made in advance, or authority is otherwise provided in appropriations Acts. If such appropriation or other authority is provided, there may be established a financing account (as defined in section 502(7) of such Act (2 U.S.C. 661a(7)) which shall be available for the disbursement of direct loans or payment of claims for payment on loan guarantees under this section and for all other cash flows to and from the Government as a result of direct loans and guarantees made under this section.

**''§ 674. Leasing of housing to be constructed**

''(a) BUILD AND LEASE AUTHORIZED.—The Secretary may enter into contracts for the lease of family housing units or unaccompanied housing units to be constructed, improved, or rehabilitated under this subchapter.

''(b) LEASE TERMS.—A contract under this section may be for any period that the Secretary determines appropriate.

**''§ 675. Investments in nongovernmental entities**

''(a) INVESTMENTS AUTHORIZED.—The Secretary may make investments in nongovernmental entities carrying out projects for the acquisition, construction, improvement, or rehabilitation of housing units suitable for use as military family housing or as military unaccompanied housing.

''(b) FORMS OF INVESTMENT.—An investment under this section may take the form of a direct investment by the United States, an acquisition of a limited partnership interest by the United States, a purchase of stock or other equity instruments by the United States, a purchase of bonds or other debt instruments by the United States, or any combination of such forms of investment.

''(c) LIMITATION ON VALUE OF INVESTMENT.—(1) The cash amount of an investment under this section in a nongovernmental entity may not exceed an amount equal to 35 percent of the capital cost (as determined by the Secretary) of the project or projects that the entity proposes to carry out under this section with the investment.

''(2) If the Secretary conveys land or facilities to a nongovernmental entity as all or part of an investment in the entity under this section, the total value of the investment by the Secretary under this section may not exceed an amount equal to 45 percent of the capital cost (as determined by the Secretary) of the project or projects that the entity proposes to carry out under this section with the investment.

''(3) In this subsection, the term 'capital cost', with respect to a project for the acquisition, construction, improvement, or rehabilitation of housing, means the total amount of the costs included in the basis of the housing for Federal income tax purposes.

''(d) COLLATERAL INCENTIVE AGREEMENTS.—The Secretary may enter into collateral incentive agreements with nongovernmental entities in which the Secretary makes an investment under this section to ensure that a suitable preference will be afforded members of the armed forces in the lease or purchase, as the case may be, of a reasonable number of the housing units covered by the investment.

**''§ 676. Rental guarantees**

''The Secretary may enter into agreements with private persons that acquire, construct, improve, or rehabilitate family housing units or unaccompanied housing units under this subchapter in order to assure—

''(1) the occupancy of such units at levels specified in the agreements; or

''(2) rental income derived from rental of such units at levels specified in the agreements.

**''§ 677. Differential lease payments**

''The Secretary, pursuant to an agreement entered into by the Secretary and a private lessor of family housing or unaccompanied housing to members of the armed forces, may pay the lessor an amount in addition to the rental payments for the housing made by the members as the Secretary determines appropriate to encourage the lessor to make the housing available to members of the armed forces as family housing or as unaccompanied housing.

**''§ 678. Conveyance or lease of existing property and facilities**

''(a) CONVEYANCE OR LEASE AUTHORIZED.—The Secretary may convey or lease property or facilities (including support facilities) to private persons for purposes of using the proceeds of such conveyance or lease to carry out activities under this subchapter.

''(b) TERMS AND CONDITIONS.—(1) The conveyance or lease of property or facilities under this section shall be for such consideration and upon such terms and conditions as the Secretary considers appropriate for the purposes of this subchapter and to protect the interests of the United States.

''(2) As part or all of the consideration for a conveyance or lease under this section, the purchaser or lessor (as the case may be) may enter into an agreement with the Secretary to ensure that a suitable preference will be afforded members of the armed forces in the lease or sublease of a reasonable number of the housing units covered by the conveyance or lease, as the case may be, or in the lease of other suitable housing units made available by the purchaser or lessee.

''(c) INAPPLICABILITY OF CERTAIN PROPERTY MANAGEMENT LAWS.—The conveyance or lease of property or facilities under this section shall not be subject to the following provisions of law:

''(1) The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(2) Section 321 of the Act of June 30, 1932 (commonly known as the Economy Act) (47 Stat. 412, chapter 314; 40 U.S.C. 303b).

''(3) The Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.).

**''§ 679. Interim leases**

''Pending completion of a project to acquire, construct, improve, or rehabilitate family housing units or unaccompanied housing units under this subchapter, the Secretary may provide for the interim lease of such units of the project as are complete. The term of a lease under this section may not extend beyond the date of the completion of the project concerned.

**''§ 680. Unit size and type**

''The Secretary shall ensure that the room patterns and floor areas of family housing units and unaccompanied housing units acquired, constructed, improved, or rehabilitated under this subchapter are generally comparable to the room patterns and floor areas of similar housing units in the locality concerned.

**''§ 681. Support facilities**

''Any project for the acquisition, construction, improvement, or rehabilitation of family housing units or unaccompanied housing units under this subchapter may include the acquisition, construction, or improvement of

support facilities for the housing units concerned.

**"§ 682. Assignment of members of the Armed Forces to housing units**

''(a) IN GENERAL.—The Secretary may assign members of the armed forces to housing units acquired, constructed, improved, or rehabilitated under this subchapter.

''(b) EFFECT OF CERTAIN ASSIGNMENTS ON ENTITLEMENT TO HOUSING ALLOWANCES.—(1) Except as provided in paragraph (2), housing referred to in subsection (a) shall be considered as quarters of the United States or a housing facility under the jurisdiction of a uniformed service for purposes of section 403(b) of title 37.

''(2) A member of the armed forces who is assigned in accordance with subsection (a) to a housing unit not owned or leased by the United States shall be entitled to a basic allowance for quarters under section 403 of title 37 and, if in a high housing cost area, a variable housing allowance under section 403a of that title.

''(c) LEASE PAYMENTS THROUGH PAY ALLOTMENTS.—The Secretary may require members of the armed forces who lease housing in housing units acquired, constructed, improved, or rehabilitated under this subchapter to make lease payments for such housing pursuant to allotments of the pay of such members under section 701 of title 37.

**"§ 683. Coast Guard Housing Improvement Fund**

''(a) ESTABLISHMENT.—There is hereby established on the books of the Treasury an account to be known as the Coast Guard Housing Improvement Fund (in this section referred to as the 'Fund').

''(b) CREDITS TO FUND.—There shall be credited to the Fund the following:

''(1) Funds appropriated to the Fund.

''(2) Any funds that the Secretary may, to the extent provided in appropriation Acts, transfer to the Fund from funds appropriated to the Department of Transportation or Coast Guard for family housing, except that such funds may be transferred only after the Secretary transmits written notice of, and justification for, such transfer to the appropriate committees of Congress.

''(3) Any funds that the Secretary may, to the extent provided in appropriations Acts, transfer to the Fund from funds appropriated to the Department of Transportation or Coast Guard for military unaccompanied housing or for the operation and maintenance of military unaccompanied housing, except that such funds may be transferred only after the Secretary transmits written notice of, and justification for, such transfer to the appropriate committees of Congress.

''(4) Proceeds from the conveyance or lease of property or facilities under section 678 of this title.

''(5) Income from any activities under this subchapter, including interest on loans made under section 673 of this title, income and gains realized from investments under section 675 of this title, and any return of capital invested as part of such investments.

''(c) USE OF FUNDS.—(1) To the extent provided in appropriations Acts and except as provided in paragraphs (2) and (3), the Secretary may use amounts in the Fund to carry out activities under this subchapter (including activities required in connection with the planning, execution, and administration of contracts or agreements entered into under the authority of this subchapter).

''(2)(A) Funds in the Fund that are derived from appropriations or transfers of funds for military family housing, or from income from activities under this subchapter with respect to such housing, may be used in accordance with paragraph (1) only to carry out activities under this subchapter with respect to military family housing.

''(B) Funds in the Fund that are derived from appropriations or transfers of funds for military unaccompanied housing, or from income from activities under this subchapter with respect to such housing, may be used in accordance with paragraph (1) only to carry out activities under this subchapter with respect to military unaccompanied housing.

''(3) The Secretary may not enter into a contract or agreement to carry out activities under this subchapter unless the Fund contains sufficient amounts, as of the time the contract or agreement is entered into, to satisfy the total obligations to be incurred by the United States under the contract or agreement.

''(d) LIMITATION ON AMOUNT OF BUDGET AUTHORITY.—The total value in budget authority of all contracts, agreements, and investments undertaken using the authorities provided in this subchapter shall not exceed $60,000,000.

**"§ 684. Reports**

The Secretary shall include each year in the materials the Secretary submits to the Congress in support of the budget submitted by the President pursuant to section 1105 of title 31, United States Code, the following:

''(1) A report on the amount and nature of the deposits into, and the expenditures from, the Coast Guard Housing Improvement Fund established under section 683 of this title during the preceding fiscal year.

''(2) A report on each contract or agreement for a project for the acquisition, construction, improvement, or rehabilitation of family housing units or unaccompanied housing units that the Secretary proposes to solicit under this subchapter, describing the project and the method of participation of the United States in the project and providing justification of such method of participation.

''(3) A methodology for evaluating the extent and effectiveness of the use of the authorities under this subchapter during such preceding fiscal year.

''(4) A description of the objectives of the Department of Transportation for providing military family housing and military unaccompanied housing for members of the Coast Guard.

**"§ 685. Expiration of authority**

''The authority to enter into a transaction under this subchapter shall expire 5 years after the date of the enactment of the Coast Guard Authorization Act of 1995.

''SUBCHAPTER B

**"§ 691. Conveyance of damaged or deteriorated military family housing; use of proceeds**

''(a) AUTHORITY TO CONVEY.—

''(1) Subject to paragraph (2), the Secretary may convey any family housing facility that, due to damage or deterioration, is in a condition that is uneconomical to repair. Any conveyance of a family housing facility under this section may include a conveyance of the real property associated with the facility conveyed.

''(2) The aggregate total value of the family housing facilities conveyed by the Secretary under the authority in this subsection in any fiscal year may not exceed $5,000,000.

''(3) For purposes of this subsection, a family housing facility is in a condition that is uneconomical to repair if the cost of the necessary repairs for the facility would exceed the amount equal to 70 percent of the cost of constructing a family housing facility to replace such a facility.

''(b) CONSIDERATION.—

''(1) As consideration for the conveyance of a family housing facility under subsection (a), the person to whom the facility is conveyed shall pay the United States an amount equal to the fair market value of the facility conveyed, including any real property conveyed along with the facility.

''(2) The Secretary shall determine the fair market value of any family housing facility and associated real property that is conveyed under subsection (a). Such determinations shall be final.

''(c) NOTICE AND WAIT REQUIREMENTS.—The Secretary may not enter into an agreement to convey a family housing facility under this section until—

''(1) the Secretary submits to the appropriate committees of Congress, in writing, a justification for the conveyance under the agreement, including—

''(A) an estimate of the consideration to be provided the United States under the agreement;

''(B) an estimate of the cost of repairing the family housing facility to be conveyed; and

''(C) an estimate of the cost of replacing the family housing facility to be conveyed; and

''(2) a period of 21 calendar days has elapsed after the date on which the justification is received by the committees.

''(d) INAPPLICABILITY OF CERTAIN PROPERTY DISPOSAL LAWS.—The following provisions of law do not apply to the conveyance of a family housing facility under this section:

''(1) The provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(2) The provisions of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.).

''(e) USE OF PROCEEDS.—(1) The proceeds of any conveyance of a family housing facility under this section shall be credited to the Coast Guard Housing Improvement Fund (Fund) established under sexton 683 of this title and available for the purposes described in paragraph (2).

''(2) The proceeds of a conveyance of a family housing facility under this section may be used for the following purposes.

''(A) To construct family housing units to replace the family housing facility conveyed under this section, but only to the extent that the number of units constructed with such proceeds does not exceed the number of units of military family housing of the facility conveyed.

''(B) To repair or restore existing military family housing.

''(C) To reimburse the Secretary for the costs incurred by the Secretary in conveying the family housing facility.

''(3) Notwithstanding section 683(c) of this title, proceeds in the account under this subsection shall be available under paragraph (1) for purposes described in paragraph (2) without any further appropriation.

''(f) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of any family housing facility conveyed under this section, including any real property associated with such facility, shall be determined by such means as the Secretary considers satisfactory, including by survey in the case of real property.

''(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance of family housing facilities under this section as the Secretary considers appropriate to protect the interests of the United States.

**"§ 692. Limited partnerships with private developers of housing**

''(a) LIMITED PARTNERSHIPS.—(1) In order to meet the housing requirements of members of the Coast Guard, and the dependents of such members, at a military installation described in paragraph (2), the Secretary of

Transportation may enter into a limited partnership with one or more private developers to encourage the construction of housing and accessory structures within commuting distance of the installation. The Secretary may contribute not more than 35 percent of the development costs under a limited partnership.

''(2) Paragraph (1) applies to a military installation under the jurisdiction of the Secretary at which there is a shortage of suitable housing to meet the requirements of members and dependents referred to in such paragraph.

''(b) COLLATERAL INCENTIVE AGREEMENTS.—The Secretary may also enter into collateral incentive agreements with private developers who enter into a limited partnership under subsection (a) to ensure that, where appropriate—

''(1) a suitable preference will be afforded members of the Coast Guard in the lease or purchase, as the case may be, of a reasonable number of the housing units covered by the limited partnership; or

''(2) the rental rates or sale prices, as the case may be, for some or all of such units will be affordable for such members.

''(c) SELECTION OF INVESTMENT OPPORTUNITIES.—

''(1) The Secretary shall use publicly advertised, competitively bid or competitively negotiated, contracting procedures, as provided in chapter 137 of title 10, United States Code, to enter into limited partnerships under subsection (a).

(2) When a decision is made to enter into a limited partnership under subsection (a), the Secretary shall submit a report in writing to the appropriate committees of Congress on that decision. Each such report shall include the justification for the limited partnership, the terms and conditions of the limited partnership, a description of the development costs for projects under the limited partnership, and a description of the share of such costs to be incurred by the Secretary. The Secretary may then enter into the limited partnership only after the end of the 21-day period beginning on the date the report is received by such committees.

''(d) FUNDS.—(1) Any proceeds received by the Secretary from the repayment of investments or profits on investments of the Secretary under subsection (a) shall be deposited into the Coast Guard Housing Improvement Fund established under section 683 of this title.

''(2) From such amounts as is provided in advance in appropriation Acts, funds in the Coast Guard Housing Improvement Fund shall be available to the Secretary for contracts, investments, and expenses necessary for the implementation of this section.

''(3) The Secretary may not enter into a contract in connection with a limited partnership under subsection (a) or a collateral incentive agreement under subsection (b) unless a sufficient amount of the unobligated balance of the funds in the Coast Guard Housing Improvement Fund is available to the Secretary, as of the time the contract is entered into, to satisfy the total obligations to be incurred by the United States under the contract.

''(e) TRANSFER OF LANDS PROHIBITED.—Nothing in this section shall be construed to permit the Secretary, as part of a limited partnership entered into under this section, to transfer the right, title, or interest of the United States in any real property under the jurisdiction of the Secretary.

''(f) EXPIRATION AND TERMINATION OF AUTHORITIES.—The authority to enter into a transaction under this section shall expire 5 years after the date of the enactment of the Coast Guard Authorization Act of 1995.''.

(b) FINAL REPORT.—Not later than March 1, 2000, the Secretary shall submit to Congress a report on the use by the Secretary of the authorities provided by subchapter A of chapter 18 of title 14, United States Code, as added by subsection (a) of this section. The report shall assess the effectiveness of such authority in providing for the construction and improvement of military family housing and military unaccompanied housing.

(c) CLERICAL AMENDMENT.—The table of chapters at the beginning of part I of title 14, is amended by inserting after the item relating to chapter 17 the following:

''18. Coast Guard Housing Authorities 671.''.

**SEC. 210. BOARD FOR CORRECTION OF MILITARY RECORDS DEADLINE.**

(a) REMEDIES DEEMED EXHAUSTED.—Ten months after a complete application for correction of military records is received by the Board for Correction of Military Records of the Coast Guard, administrative remedies are deemed to have been exhausted, and—

(1) if the Board has rendered a recommended decision, its recommendation shall be final agency action and not subject to further review or approval within the Department of Transportation; or

(2) if the Board has not rendered a recommended decision, agency action is deemed to have been unreasonably delayed or withheld and the applicant is entitled to—

(A) an order under section 706(1) of title 5, United States Code, directing final action be taken within 30 days from the date the order is entered; and

(B) from amounts appropriated to the Department of Transportation, the costs of obtaining the order, including a reasonable attorney's fee.

(b) EXISTING DEADLINE MANDATORY.—The 10-month deadline established in section 212 of the Coast Guard Authorization Act of 1989 (Public Law 101–225; 103 Stat. 1914) is mandatory.

(c) SPECIAL RIGHT OF APPLICATIONS UNDER THIS SECTION.—This section applies to any applicant who had an application filed with or pending before the Board or the Secretary of Transportation on or after June 12, 1990, who files with the board an application for relief under this section. If a recommended decision was modified or reversed on review with final agency action occurring after expiration of the 10-month deadline, an applicant who so requests shall have the order in the final decision vacated and receive the relief granted in the recommended decision if the Coast Guard has the legal authority to grant such relief. The recommended decision shall otherwise have no effect as precedent.

On page 93, strike lines 18 through 24 and insert the following:

**SEC. 302. NONDISCLOSURE OF PORT SECURITY PLANS.**

Section 7 of the Ports and Waterways Safety Act (33 U.S.C. 1226), is amended by adding at the end the following new subsection (c):

''(c) NONDISCLOSURE OF PORT SECURITY PLANS.—Notwithstanding any other provision of law, information related to security plans, procedures, or programs for passenger vessels or passenger terminals authorized under this Act is not required to be disclosed to the public.''.

On page 98, beginning with line 1, strike through line 24 on page 99 and insert the following:

**SEC. 309. RESTRICTIONS ON CLOSURE OF SMALL BOAT STATIONS.**

(a) PROHIBITION.—The Secretary of Transportation (hereinafter in this section referred to as the ''Secretary'') shall not close any Coast Guard multimission small boat station or subunit before October 1, 1996.

(b) CLOSURE REQUIREMENTS.—After October 1, 1996, the Secretary shall not close any Coast Guard multi-mission small boat station or subunit unless the following requirements have been met:

(1) The Secretary shall determine that—

(A) adequate search-and-rescue capabilities will maintain the safety of the maritime public in the area of the station or subunit; and

(B) the closure will not result in degradation of services (including but not limited to search and rescue, enforcement of fisheries and other laws and treaties, recreational boating safety, port safety and security, aids to navigation, and military readiness) that would cause significant increased threat to life, property, environment, public safety or national security.

(2) In making the decision to close a station or subunit, the Secretary shall assess—

(A) the benefit of the station or subunit in deterring or preventing violations of applicable laws and regulations;

(B) unique regional or local prevailing weather and marine conditions including water temperature and unusual tide and current conditions; and

(C) other Federal, State, and local government capabilities which could fully or partially substitute for services provided by such station or subunit.

(4) The Secretary shall develop a transition plan for the area affected by the closure to ensure the Coast Guard service needs of the area continue to be met.

(5) The Secretary shall implement a process to—

(A) notify the public of the intended closure;

(B) make available to the public information used in making the determination and assessment under this section; and

(C) provide an opportunity for public participation, including public meetings and the submission of and summary response to written comments, with regard to the decision to close the station or subunit and the development of a transition plan.

(c) NOTIFICATION.—If, after the requirements of subsection (b) are met and after consideration of public comment, the Secretary decides to close a small-boat station or subunit, the Secretary shall provide notification of that decision, at least 60 days before the closure is effected, to the public, the committee on Commerce, Science and Transportation of the Senate and the Committee on Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

(d) OPERATIONAL FLEXIBILITY.—Notwithstanding the requirements of this section, the Secretary may implement any management efficiencies within the small boat system, such as modifying the operational posture of units or reallocating resources as necessary to ensure the safety of the maritime public nationwide, provided that no stations or subunits are closed.

On page 101, after the item relating to section 96 between lines 3 and 4, insert the following:

**SEC. 312. WITHHOLDING VESSEL CLEARANCE FOR VIOLATION OF CERTAIN ACTS.**

(a) TITLE 49, UNITED STATES CODE.—Section 5122 of title 49, United States Code, is amended by adding at the end the following new subsection:

''(c) WITHHOLDING OF CLEARANCE.—(1) If any owner, operator, or person in charge of a vessel is liable for a civil penalty under section 5132 of this title or for a fine under section 5124 of this title, or if reasonable cause exists to believe that such owner, operator, or person in charge may be subject to such a civil penalty or fine, the Secretary of the Treasury, upon the request of the Secretary,

shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance refused or revoked under this subsection may be granted upon the filing of a bond or other surety satisfactory to the Secretary.''.

(b) PORT OF WATERWAYS SAFETY ACT.—Section 13(f) of the Ports and Waterways Safety Act (33 U.S.C. 1232(f)) is amended to read as follows:

''(f) WITHHOLDING OF CLEARANCE.—(1) If any owner, operator, or person in charge of a vessel is liable for a civil penalty under this section, or if reasonable cause exists to believe that such owner, operator, or person in charge may be subject a penalty or fine under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''.

(c) INLAND NAVIGATION RULES ACT OF 1980.—Section 4(d) of the Inland Navigational Rules Act of 1980 (33 U.S.C. 2072(d)) is amended to read as follows:

''(d) Withholding of Clearance.—(1) If any owner, operator, or person in charge of a vessel is liable for a penalty under this section, or if reasonable cause exists to believe that the owner, operator, or person in charge may be subject to a penalty under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance or a permit refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''.

(d) TITLE 46 UNITED STATES CODE.—Section 3718(e) of title 46, United States Code, is amended to read as follows:

''(e)(1) If any owner, operator, or person in charge of a vessel is liable for any penalty or fine under this section, or if reasonable cause exists to believe that the owner, operator, or person in charge may be subject to any penalty or fine under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance or a permit refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''.

On page 113, line 12, strike ''(b)'' and insert ''(d)''.

On page 126, line 15, strike ''and'' the second place it appears.

On page 126, between lines 15 and 16, insert the following:

(3) by striking ''Bureau'' in subsection (a), as redesignated, and inserting ''American Bureau of Shipping''; and

On page 126, line 16, strike ''(3)'' and insert ''(4)''.

On page 130, line 18, after the period insert the following: ''Any such regulation shall be considered to be an interpretive regulation for purposes of section 553 of title 5.''.

On page 147, line 11, strike ''and''.

On page 147, line 16, strike the period and insert a semicolon and ''and''.

On page 147, between lines 16 and 17, insert the following:

(6) by inserting ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'' after ''200 gross tons'' in subsection (e)(3).

On page 161, line 17, insert ''knowingly'' before ''fail''.

On page 162, line 1, insert '', and circumstances under'' after ''means by''.

On page 162, line 3, insert after the period the following new sentences: ''Such regulations shall ensure that any such order is clearly communicated in accordance with applicable international standards. Further, such regulations shall establish guidelines based on observed conduct, prior information, or other circumstances for determining when an officer may use the authority granted under paragraph (1).''

On page 162, line 6, insert ''knowingly'' before ''fail''.

On page 162, strike lines 12 through 17 and insert the following:

''(A) forcibly assault, resist, oppose, prevent, impede, intimidate, or interfere with a boarding or other law enforcement action authorized by any Federal law, or to resist a lawful arrest; or''

On page 162, line 18, strike ''(C)'' and insert ''(B)''.

On page 162, line 22, strike ''or has reason to know''.

On page 165, line 1, strike ''5'' and insert ''1''.

On page 165, strike the sentence that begins on line 4 and insert the following: ''An aircraft that is used in violation of this section may be seized and forfeited. A vessel that is used in violation of subsection (b)(1) or subsection (b)(2)(A) my be seized and forfeited.''

On page 166, line 6, insert ''knowing'' before ''failure''.

On page 167, line 8, insert ''knowingly'' before ''failed''.

On page 167, line 12, strike ''or had reason to know''.

On page 168, lines 9 and 10, strike ''as defined in'' and insert ''in accordance with''.

On page 169, line 1, insert ''knowingly'' before ''fails''.

On page 169, lines 2 through 4, strike ''relating to the boarding of a vessel or landing of an aircraft issued''.

On page 169, line 7, insert '', in the case of a vessel,'' after ''or''.

On page 169, line 8, strike ''in any''.

On page 169, strike the sentence beginning on line 11.

On page 169, line 13, insert ''knowingly'' before ''violate''.

On page 170, line 26, insert ''knowingly'' before ''fails''.

On page 171, lines 5 through 8, strike ''or according to any applicable, internationally recognized standards, or in any other manner reasonably calculated to be received and understood,''.

On page 171, strike the sentence beginning on line 9.

On page 171, line 12, insert ''knowingly'' before ''violate''.

On page 177, between lines 14 and 15, insert the following:

(DD) Nash Island Light.

(EE) Manana Island Fog Signal Station.

On page 177, beginning in line 16, strike ''place, if at all,'' and insert ''place''.

On page 188, beginning in line 22, strike ''exact acreage and''.

On page 191, line 17, after ''Incorporated,'' insert ''or any successor or assign,''.

On page 192, line 10, after ''Incorporated,'' insert ''or any successor or assign,''.

On page 192, line 14, after ''Incorporated,'' insert ''or any successor or assign,''.

On page 193, line 1, after ''Incorporated,'' insert ''or any successor or assign,''.

On page 193, line 10, insert ''(in this section referred to as the 'Secretary')'' after ''Transportation''.

On page 195, line 3, after ''signal,'' insert ''electronic navigation equipment,''.

On page 195, line 9, after ''Association'' insert '', or any successor or assign,''.

On page 196, line 5, after ''Association'' insert '', or any successor or assign,''.

On page 196, line 10, after ''Association'' insert '', or any successor or assign,''.

On page 196, line 16, after ''Association'' insert '', or any successor or assign,''.

On page 197, line 5, insert ''of Transportation (referred to in this section as the 'Secretary')'' after ''Secretary''.

On page 197, beginning on line 7, strike ''of Transportation''

On page 199, line 23, after ''Inc.,'' insert ''or any successor or assign,''.

On page 200, line 4, after ''Inc.,'' insert ''or any successor or assign,''.

On page 200, strike lines 17 through 25 and insert the following:

(c) POINT ARENA LIGHT STATION DEFINED.—For purposes of this section, the term ''Point Arena Light Station'' means the Coast Guard property and improvements located at Point Arena, California, including the light tower building, fog signal building, 2 small shelters, 4 residential quarters, and a restroom facility.

On page 201, line 4, insert ''(referred to in this section as the 'Secretary')'' after ''Transportation''.

On page 201, beginning with line 14, strike through line 4 on page 202 and insert the following:

(b) IDENTIFICATION OF PROPERTY.—The Secretary shall identify, describe, and determine the property to be conveyed pursuant to this section.

On page 202, strike lines 5 through 11 and insert the following:

(c) REVERSIONARY INTEREST.—The conveyance of property described in subsection (b) shall be subject to the condition that such property, and all right, title and interest in such property, shall transfer to the City of Ketchikan if, within 18 months of the date of enactment of this Act, the Ketchikan Indian Corporation has not completed design and construction plans for a health and social services facility and received approval from the City of Ketchikan for such plans or the written consent of the City to exceed this period.

(d) In the event that the property described in subsection (b) is transferred to the City of Ketchikan under subsection (c), the transfer shall be subject to the condition that all right, title, and interest in and to the property shall immediately revert to the United States if the property ceases to be used by the City of Ketchikan.

On page 202, beginning with line 22, strike through line 19 on page 203 and insert the following:

(b) IDENTIFICATION OF PROPERTY.—The Secretary shall identify, describe, and determine the property to be conveyed pursuant to this section.

On page 204, line 19, strike ''shall expeditiously'' and insert ''may''.

On page 205, line 19, insert ''of Transportation (referred to in this section as the 'Secretary')'' after ''Secretary''.

On page 206, line 25, strike ''States:'' and insert ''States—''.

On page 207, line 1, strike ''If'' and insert ''if''.

On page 207, line 4, insert ''or'' after the semicolon.

On page 207, line 24, insert ''(referred to in this section as the 'Secretary')'' after ''Transportation''.

On page 209, between lines 15 and 16, insert the following:

**SEC. 1011. CONVEYANCE OF EQUIPMENT.**

The Secretary of Transportation may convey any unneeded equipment from other vessels in the National Defense Reserve Fleet to

the JOHN W. BROWN and other qualified United States memorial ships in order to maintain their operating condition.

**SEC. 1012. PROPERTY EXCHANGE.**

(a) PROPERTY ACQUISITION.—The Secretary may, by means of an exchange of property, acceptance as a gift, or other means that does not require the use of appropriated funds, acquire all right, title, and interest in and to a parcel or parcels of real property and any improvements thereto located within the limits of the City and Borough of Juneau, Alaska.

(b) ACQUISITION THROUGH EXCHANGE.—For the purposes of acquiring property under subsection (a) by means of an exchange, the Secretary may convey all rights, title, and interest of the United States in and to a parcel or parcels of real property and any improvements thereto located within the limits of the City and Borough of Juneau, Alaska and in the control of the Coast Guard if the Secretary determines that the exchange is in the best interest of the Coast Guard.

(c) TERMS AND CONDITIONS.—The Secretary may require such terms and conditions under this section as the Secretary considers appropriate to protect the interests of the United States.

On page 210, beginning on line 4, strike ''(a) ADVISORY BOARD AND EXECUTIVE COMMITTEE.—Section'' and insert ''Section''.

On page 210, line 15, strike ''14'' and insert ''16''.

On page 210, strike lines 16 through 19 and insert the following:

(5) by striking '', Natural Resources, and Commerce and Economic Development'' in subsection (c)(2)(A) and inserting a comma and ''and Natural Resources'';

On page 211, line 4, insert '', Interior,'' after ''Commerce''.

On page 212, line 5, strike ''communities'' and insert ''communities''.

On page 212, line 16, strike ''EVALUATION'' and insert ''SCIENTIFIC REVIEW''.

On page 212, line 16, strike ''will'' and insert ''may''.

On page 212, line 19, strike ''will perform the review'' and insert ''shall perform the review, if requested,''.

On page 213, strike lines 1 and 2 and insert the following:

(12) by striking '', Advisory Board,'' in the second sentence of subsection (e);

On page 215, line 5, insert ''documented under chapter 121 of title 46, United States Code, that was'' after ''vessel''.

On page 215, line 6, strike ''or''.

On page 215, line 7, strike ''1,200'' and insert ''1,500''.

On page 215, line 12, strike the period and insert a semicolon and ''or''.

On page 215, between lines 12 and 13, insert the following:

(3) a vessel in the National Defense Reserve Fleet pursuant to section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744).

On page 220, line 1, strike ''CONSOLIDATION OR''.

On page 220, beginning on line 4, strike ''consolidate or''.

On page 220, line 6, after the period insert the following: ''Nothing in this section prevents the consolidation of management functions of these Coast Guard authorities.''.

On page 220, line 14, strike ''Except as''.

On page 222, line 13, insert ''a semicolon and'' after ''inserting''.

On page 222, line 21, insert ''a semicolon and'' after ''inserting''.

On page 223, beginning with line 1, strike through line 4 on page 224 and insert the following:

(c) LEASING.—Section 12106 of title 46, United States Code, is amended by adding at the end of the following:

''(e)(1) A certificate of documentation for a vessel may be endorsed with a coastwise endorsement if—

''(A) the person that owns the vessel, a parent entity of that person, or a subsidiary of a parent entity of that person, is primarily engaged in leasing or other financing transactions;

''(B) the vessel is under a demise charter to a person qualifying as a citizen of the United States for engaging in the coastwise trade under section 2 of the Shipping Act, 1916, and it is certified that there are no other agreements, arrangements, or understandings between the vessel owner and the demise charterer with respect to the operation or management of the vessel;

''(C) the demise charter—

''(i) is for a period of at least 3 years or a shorter period as may be prescribed by the Secretary; and

''(ii) charter hire is not significantly greater than that prevailing in the commercial market; and under section 12102.

''(D) the vessel is otherwise eligible for documentation

''(2) The demise charter and any amendments to that charter shall be filed with the certificate required by this subsection, or within 10 days following the filing of an amendment to the charter, and such charter and amendments shall be made available to the public.

''(3) Upon default by a demise charterer required under paragraph (1)(C), the coastwise endorsement of the vessel may, in the sole discretion of the Secretary, be continued after the termination for default of the demise charter for a period not to exceed 6 months on such terms and conditions as the Secretary may prescribe.

''(4) For purposes of section 2 of the Shipping Act, 1916, and section 12102(a) of this title, a vessel meeting the criteria of this subsection is deemed to be owned exclusively by citizens of the United States.

''(5) A vessel eligible for documentation or to be endorsed with a coastwise endorsement under this subsection is not eligible for a fishery endorsement under section 12108.''.

On page 226, line 18, insert ''transferred to or placed under a foreign registry or'' after ''be''.

On page 227, after line 10, add the following:

(7) LAKE CHARLES (United States official number 619531).

(8) LOUISIANA (United States official number 619532).

(9) GAMMA (United States official number 598730).

**SEC. 1117. USE OF CANADIAN OIL SPILL RESPONSE AND RECOVERY VESSELS.**

Notwithstanding any other provision of law, oil spill response and recovery vessels of Canadian registry may operate in waters of the United States adjacent to the border between Canada and the State of Maine, on an emergency and temporary basis, for the purpose of recovering, transporting, and unloading in a United States port oil discharged as a result of an oil spill in or near such waters, if an adequate number and type of oil spill response and recovery vessels documented under the laws of the United States cannot be engaged to recover oil from an oil spill in or near those waters in a timely manner, as determined by the Federal On-Scene Coordinator for a discharge or threat of a discharge of oil.

**SEC. 1118. JUDICIAL SALE OF CERTAIN DOCUMENTED VESSELS TO ALIENS.**

Section 31329 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(f) This section does not apply to a documented vessel that has been operated only for pleasure.''.

**SEC. 1119. IMPROVED AUTHORITY TO SELL RECYCLABLE MATERIAL.**

Section 641(c)(2) of title 14, United States Code, is amended by inserting before the period the following: '', except that the Commandant may conduct sales of materials for which the proceeds of sale will not exceed $5,000 under regulations prescribed by the Commandant''.

**SEC. 1120. DOCUMENTATION OF CERTAIN VESSELS.**

(a) GENERAL CERTIFICATES.—Notwithstanding sections 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), as applicable on the date of enactment of this Act, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the following vessels:

(1) ALPHA TANGO (United States official number 945782).

(2) AURA (United States official number 1027807).

(3) BABS (United States official number 1030028).

(4) BAGGER (State of Hawaii number HA1809E).

(5) BILLY BUCK (United States official number 939064).

(6) CAPTAIN DARYL (United States official number 580125).

(7) CHRISSY (State of Main registration number 4778B).

(8) CONSORTIUM (United States official number 303328).

(9) DRAGONESSA (United States official number 646512).

(10) EMERALD AYES (United States official number 986099).

(11) ENDEAVOUR (United States official number 947869).

(12) EVENING STAR (Hull identification number HA2833700774 and State of Hawaii registration number HA8337D).

(13) EXPLORER (United States official number 918080).

(14) FOCUS (United States official number 909293).

(15) FREJA VIKING (Danish registration number A395).

(16) GLEAM (United States official number 921594).

(17) GOD'S GRACE II (State of Alaska registration number AK5916B).

(18) HALCYON (United States official number 690219).

(19) IDUN VIKING (Danish registration number A433).

(20) INTREPID (United States official number 508185).

(21) ISABELLE (United States official number 600655).

(22) JAJO (Hull identification number R1Z200207H280 and State of Rhode Island registration number 388133).

(23) LADY HAWK (United States official number 961095).

(24) LIV VIKING (Danish registration number A394).

(25) MAGIC CARPET (United States official number 278971).

(26) MARANTHA (United States official number 638787).

(27) OLD HAT (United States official number 508299).

(28) ONRUST (United States official number 515058).

(29) PERSEVERANCE (Serial number 77NS8901).

(30) PRIME TIME (United States official number 660944).

(31) QUIETLY (United States official number 658315).

(32) RESOLUTION (Serial number 77NS8701).

(33) ROYAL AFFAIRE (United States official number 649292).

(34) SARAH-CHRISTEN (United States official number 542195).

(35) SEA MISTRESS (United States official number 696806).

(36) SERENITY (United States official number 1021393).

(37) SHAMROCK V (United States official number 900936).

(38) SHOOTER (United States official number 623333).

(39) SISU (United States official number 293648).

(40) SUNRISE (United States official number 950381).

(41) TOO MUCH FUN (United States official number 936565).

(42) TRIAD (United States official number 988602).

(43) WEST FJORD (Hull identification number X–53–109).

(44) WHY NOT (United States official number 688570).

(45) WOLF GANG II (United States official number 984934).

(46) YES DEAR (United States official number 578550).

(47) 14 former United States Army hovercraft with serial numbers (LACV–30–04, LACV–30–05, LACV–30–07, LACV–30–09, LACV–30–10, LACV–30–13, LACV–30–14, LACV–30–15, LACV–30–16, LACV–30–22, LACV–30–23, LACV–30–24, LACV–30–25, and LACV–30–26.

(b) M/V TWIN DRILL.—Section 601(d) of the Coast Guard Authorization Act of 1993 (Public Law 103–206, 107 Stat. 2445) is amended—

(1) by striking ''June 30, 1995'' in paragraph (3) and inserting ''June 30, 1996''; and

(2) by striking ''12 months'' in paragraph (4) and inserting ''24 months''.

(c) CERTIFICATES OF DOCUMENTATION FOR GALLANT LADY.—

(1) IN GENERAL.—Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883, section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and section 12106 of title 46, United States Code, and subject to paragraph (2), the Secretary of Transportation may issue a certificate of documentation with an appropriate endorsement for employment in coastwise trade for each of the following vessels:

(A) GALLANT LADY (Feadship hull number 645, approximately 130 feet in length).

(B) GALLANT LADY (Feadship hull number 651, approximately 172 feet in length).

(2) LIMITATION ON OPERATION.—Coastwise trade authorized under a certificate of documentation issued for a vessel under this section shall be limited to the carriage of passengers in association with contributions to charitable organizations no portion of which is received, directly or indirectly, by the owner of the vessel.

(3) CONDITION.—The Secretary may not issue a certificate of documentation for a vessel under paragraph (1) unless, not later than 90 days after the date of enactment of this Act, the owner of the vessel referred to in paragraph (1)(B) submits to the Secretary a letter expressing the intent of the owner to, before April 1, 1997, enter into a contract for the construction in the United States of a passenger vessel of at least 130 feet in length.

(4) EFFECTIVE DATE OF CERTIFICATES.—A certificate of documentation issued under paragraph (1) shall take effect—

(A) for the vessel referred to in paragraph (1)(A), on the date of the issuance of the certificate; and

(B) for the vessel referred to in paragraph (1)(B), on the date of delivery of the vessel to the owner.

(5) TERMINATION OF EFFECTIVENESS OF CERTIFICATES.—A certificate of documentation issued for a vessel under paragraph (1) shall expire—

(A) on the date of the sale of the vessel by the owner;

(B) on April 1, 1997, if the owner of the vessel referred to in paragraph (1)(B) has not entered into a contract for construction of a vessel in accordance with the letter of intent submitted to the Secretary under paragraph (3); or

(C) on such date as a contract referred to in paragraph (2) is breached, rescinded, or terminated (other than for completion of performance of the contract) by the owner of the vessel referred to in paragraph (1)(B).

(d) CERTIFICATES OF DOCUMENTATION FOR ENCHANTED ISLE AND ENCHANTED SEAS.—Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), the Act of June 19, 1886 (46 U.S.C. App. 289), section 12106 of title 46, United States Code, section 506 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1156), and any agreement with the United States Government, the Secretary of Transportation may issue certificates of documentation with a coastwise endorsement for the vessels ENCHANTED ISLES (Panamanian official number 14087–84B and ENCHANTED SEAS (Panamanian official number 14064–84D), except that the vessels may not operate between or among islands in the State of Hawaii.

**SEC. 1121. VESSEL DEEMED TO BE A RECREATIONAL VESSEL.**

The vessel, an approximately 96 meter twin screw motor yacht for which construction commenced in October, 1993, and which has been assigned the builder's number 13583 (to be named the LIMITLESS), is deemed for all purposes, including title 46, United States Code, and all regulations thereunder, to be a recreational vessel of less than 300 gross tons if it does not—

(1) carry cargo or passengers for hire; or

(2) engage in commercial fisheries or oceanographic research.

**SEC. 1122. SMALL PASSENGER VESSEL PILOT INSPECTION PROGRAM WITH THE STATE OF MINNESOTA.**

(a) IN GENERAL.—The Secretary may enter into an agreement with the State under which the State may inspect small passenger vessels operating in waters of that State designated by the Secretary, if—

(1) the State plan for the inspection of small passenger vessels meets such requirements as the Secretary may require to ensure the safety and operation of such vessels in accordance with the standards that would apply if the Coast Guard were inspecting such vessels; and

(2) the State will provide such information obtained through the inspection program to the Secretary annually in such form and in such detail as the Secretary may require.

(b) FEES.—The Secretary may adjust or waive the user fee imposed under section 3317 or title 46, United States Code, for the inspection of small passenger vessels inspected under the State program.

(c) TERMINATION.—The authority provided by subsection (a) terminates on December 31, 1998.

(d) DEFINITIONS.—For purposes of this section—

(1) SECRETARY.—The term ''Secretary'' means the Secretary of the department in which the Coast Guard is operating.

(2) STATE.—The term ''State'' means the State of Minnesota.

(3) SMALL PASSENGER VESSEL.—The term ''small passenger vessel'' means a small passenger vessel (as defined in section 2101(35) of title 46, United States Code) of not more than 40 feet overall in length.

**SEC. 1123. COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS FISHING.**

Section 8103(i)(1) of title 46, Untied States Code, is amended—

(1) by striking ''or'' in subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting a semicolon and ''or''; and

(3) by adding at the end thereof the following:

''(D) an alien allowed to be employed under the immigration laws of the Commonwealth of the Northern Mariana Islands if the vessel is permanently stationed at a port within the Commonwealth and the vessel engaged in the fisheries within the exclusive economic zone surrounding the Commonwealth or another United States territory or possession.''.

**SEC. 1124. AVAILABILITY OF EXTRAJUDICIAL REMEDIES FOR DEFAULT ON PREFERRED MORTGAGE LIENS ON VESSELS.**

(a) AVAILABILITY OF EXTRAJUDICIAL REMEDIES.—Section 31325(b) of title 46, United States Code, is amended—

(1) in the matter preceding paragraph (1) by striking ''mortgage may'' and inserting ''mortgagee may'';

(2) in paragraph (1) by—

(A) striking ''perferred'' and inserting ''preferred''; and

(B) striking ''; and'' and inserting a semicolon; and

(3) by adding at the end the following:

''(3) enforce the preferred mortgage lien or a claim for the outstanding indebtedness secured by the mortgaged vessel, or both, by exercising any other remedy (including an extrajudicial remedy) against a documented vessel, a vessel for which an application for documentation is filed under chapter 121 of this title, a foreign vessel, or a mortgagor, maker, comaker, or guarantor for the amount of the outstanding indebtedness or any deficiency in full payment of that indebtedness, if—

''(A) the remedy is allowed under applicable law; and

''(B) the exercise of the remedy will not result in a violation of section 9 or 37 of the Shipping Act, 1916 (46 U.S.C. App. 808, 835).''.

(b) NOTICE.—Section 31325 of title 46, United States Code, is further amended by adding at the end the following:

''(f)(1) Before title to the documented vessel or vessel for which an application for documentation is filed under chapter 121 is transferred by an extrajudicial remedy, the person exercising the remedy shall give notice of the proposed transfer to the Secretary, to the mortgagee of any mortgage on the vessel filed in substantial compliance with section 31321 of this title before notice of the proposed transfer is given to the Secretary, and to any person that recorded a notice of a claim of a undischarged lien on the vessel under section 31343(a) or (d) of this title before notice of the proposed transfer is given to the Secretary.

''(2) Failure to give notice as required by this subsection shall not affect the transfer of title to a vessel. However, the rights of any holder of a maritime lien or a preferred mortgage on the vessel shall not be affected by a transfer of title by an extrajudicial remedy exercised under this section, regardless of whether notice is required by this subsection or given.

''(3) The Secretary shall prescribe regulations establishing the time and manner for providing notice under this subsection.''.

(c) RULE OF CONSTRUCTION.—The amendments made by subsections (a) and (b) may not be construed to imply that remedies other than judicial remedies were not available before the date of enactment of this section to enforce claims for outstanding indebtedness secured by mortgaged vessels.

Amend the table of sections as follows:

After the item relating to section 207, insert the following:

Sec. 208. Access to National Driver Register information on certain Coast Guard personnel.
Sec. 209. Coast Guard housing authorities.
Sec. 210. Board for correction of military records deadline.

Strike the item relating to section 302 and insert the following:

Sec. 302. Nondisclosure of port security plans.

After the item relating to section 311, insert the following:

Sec. 312. Withholding vessel clearance for violation of certain acts.

After the item relating to section 1010, insert the following:

Sec. 1011. Conveyance of equipment.
Sec. 1012. Property exchange.

Strike ''consolidation or'' in the time relating to section 1109.

After the item relating to section 1116, insert the following:

Sec. 1117. Use of Canadian oil spill response and recovery vessels.
Sec. 1118. Judicial sale of certain documented vessels to aliens.
Sec. 1119. Improved authority to sell recyclable material.
Sec. 1120. Documentation of certain vessels.
Sec. 1121. Vessel deemed to be a recreational vessel.
Sec. 1122. Small passenger vessel pilot inspection program with the State of Minnesota.
Sec. 1123. Commonwealth of the Northern Mariana Islands fishing.
Sec. 1124. Availability of extrajudicial remedies for default on preferred mortgage liens on vessels.

## STEVENS (AND OTHERS) AMENDMENT NO. 3059

Mr. LOTT (for Mr. STEVENS, for himself, Mr. CHAFEE, Mr. BREAUX, and Ms. SNOWE) proposed an amendment to the bill, S. 1004, supra; as follows:

At the appropriate place in the bill, insert the following new section:

**SEC. . OFFSHORE FACILITY FINANCIAL RESPONSIBILITY REQUIREMENTS.**

(a) AMOUNT OF FINANCIAL RESPONSIBILITY.—Section 1016(c)(1) of the Oil Pollution Act of 1990 (33 U.S.C. 2716(c)(1)) is amended to read as follows:

''(1) IN GENERAL.——

''(A) EVIDENCE OF FINANCIAL RESPONSIBILITY REQUIRED.—Except as provided in paragraph (2), a responsible party with respect to an offshore facility that.——

''(i)(I) is located seaward of the line of ordinary low water along that portion of the coast that is in direct contact with the open sea and the line marking the seaward limit of inland waters; or

''(II) is located in inland waters, such as coastal bays or estuaries, seaward of the line of ordinary low water along that portion of the coast that is not in direct contact with the open sea;

''(ii) is used for exploring for, drilling for, or producing oil, or for transporting oil from facilities engaged in oil exploration, drilling, or production; and

''(iii) has a worst-case oil spill discharge potential of more than 1,000 barrels of oil (or a lesser amount if the President determines that the risks posed by such facility justify it),

shall establish and maintain evidence of financial responsibility in the amount required under subparagraph (B) or (C), as applicable.

''(B) AMOUNT REQUIRED GENERALLY.—Except as provided in subparagraph (C), the amount of financial responsibility for offshore facilities that meet the criteria in subparagraph (A) is——

''(i) $35,000,000 for offshore facilities located seaward of the seaward boundary of a State; or

''(ii) $10,000,000 for offshore facilities located landward of the seaward boundary of a State.

''(C) GREATER AMOUNT.—If the President determines that an amount of financial responsibility for a responsible party greater than the amount required by subparagraphs (B) and (D) is justified by the relative operational, environmental, human health, and other risks posed by the quantity or quality of oil that is explored for, drilled for, produced, stored, handled, transferred, processed or transported by the responsible party, the evidence of financial responsibility required shall be for an amount determined by the President not exceeding $150,000,000.

''(D) MULTIPLE FACILITIES.—In the case in which a person is a responsible party for more than one facility subject to this subsection, evidence of financial responsibility need be established only to meet the amount applicable to the facility having the greatest financial responsibility requirement under this subsection.

''(E) STATE JURISDICTION.—The requirements of this paragraph shall not apply if an offshore facility located landward of the seaward boundary of a State is required by such State to establish and maintain evidence of financial responsibility in a manner comparable to, and in an amount equal to or greater than, the requirements of this paragraph.

''(F) DEFINITION.—For the purpose of this paragraph, the phrase ''seaward boundary of a state'' shall mean the boundaries described in section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)).''.

## KERRY AMENDMENT NO. 3060

Mr. LOTT (for Mr. KERRY) proposed an amendment to the bill, S. 1004, supra; as follows:

At the appropriate place insert the following:

**SEC. . DEAUTHORIZATION OF NAVIGATION PROJECT, COHASSET HARBOR, MASSACHUSETTS.**

the following portions of the project for navigation, Cohasset Harbor, Massachusetts, authorized by section 2 of the Act entitled ''An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes'', approved March 2, 1945 (59 Stat. 12), or carried out pursuant to section 107 of the River and Harbor Act of 1960 (33 U.S.C. 577), are deauthorized: A 7-foot deep anchorage and a 6-foot deep anchorage; beginning at site 1, starting at a point N453510.15, E792664.63, thence running south 53 degrees 07 minutes 05.4 seconds west 307.00 feet to a point N453325.90, E792419.07, thence running north 57 degrees 56 minutes 36.8 seconds west 201.00 feet to a point N453432.58, E792248.72, thence running south 88 degrees 57 minutes 25.6 seconds west 50.00 feet to a point N453431.67, E792198.73, thence running north 01 degree 02 minutes 52.3 seconds west 66.71 feet to a point N453498.37, E792197.51, thence running north 69 degrees 12 minutes 52.3 seconds east 332.32 feet to a point N453616.30, E792508.20, thence running south 55 degrees 50 minutes 24.1 seconds east 189.05 feet to point of origin; then site 2, starting at a point, N452886.64, E791287.83, thence running south 00 degrees 00 minutes 00.0 seconds west 56.04 feet to a point, N452830.60, E791287.83, thence running north 90 degrees 00 minutes 00.0 seconds west 101.92 feet to a point, N452830.60, E791185.91, thence running north 52 degrees 12 minutes 49.7 seconds east 89.42 feet to point, N452885.39, E791256.58, thence running north 87 degrees 42 minutes 33.8 seconds east 31.28 feet to point of origin; and site 3, starting at a point, N452261.08, E792040.24, thence running north 89 degrees 07 minutes 19.5 seconds east 118.78 feet to a point, N452262.90, E792159.01, thence running south 43 degrees 39 minutes 06.8 seconds west 40.27 feet to a point, N452233.76, E792131.21, thence running north 74 degrees 33 minutes 29.1 seconds west 99.42 feet to a point, N452258.90, E792040.20, thence running north 01 degree 03 minutes 04.3 seconds east 2.18 feet to point of origin.

Amend the table of sections by inserting at the appropriate place the following:

Sec.——.Deauthorization of navigation project, Cohasset Harbor, Massachusetts.

## AUTHORITY FOR COMMITTEE TO MEET

COMMITTEE ON THE JUDICIARY

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, November 17, 1995, at 9 a.m. to hold a hearing on H.R. 1833, the Partial-Birth Abortion Ban Act of 1995.

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

## ADDITIONAL STATEMENTS

## BUDGET SCOREKEEPING REPORT

• Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Concurrent Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through November 15, 1995. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the 1996 concurrent resolution on the budget (H. Con. Res. 67), show that current level spending is below the budget resolution by $389.4 billion in budget authority and above the budget resolution by $224.8 billion in outlays. Current level is $5.7 billion above the revenue floor in 1996 and $147 billion above the revenue floor over the 5 years 1996–2000. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $20.8 billion, $230.5 billion below the maximum deficit amount for 1996 of $251.3 billion.

Since my last report, dated November 8, 1995, Congress cleared and the President signed the Perishable Agricultural Commodities Act Amendments of 1995 (H.R. 1103). The President has also signed the Energy and Water

Development Appropriations Act (H.R. 1905) and the Transportation and Related Agencies Appropriations Act (H.R. 2002). Congress also cleared for the President's signature the Treasury, Postal Service and General Government Appropriations Act (H.R. 2020) and the Alaska Power Administration Sale Act. (S. 395). These actions, and the expiration of continuing resolution authority on November 13, 1995, changed the current level of budget authority and outlays and revenues. In addition, the revenue aggregates have been revised pursuant to section 205(b)(2) of House Concurrent Resolution 67.

The report follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
*Washington, DC, November 16, 1995.*

Hon. PETE DOMENICI,
*Chairman, Committee on the Budget, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The attached report for fiscal year 1996 shows the effects of Congressional action on the 1996 budget and is current through November 15, 1995. The estimates of budget authority, outlays and revenues are consistent with the technical and economic assumptions of the 1996 Concurrent Resolution on the Budget (H. Con. Res. 67). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended.

Since my last report, dated November 8, 1995, Congress cleared and the President signed the Perishable Agricultural Commodities Act Amendments of 1995 (H.R. 1103). The President has also signed the Energy and Water Development Appropriations Act (H.R. 1905) and the Transportation and Related Agencies Appropriations Act (H.R. 2002). Congress also cleared for the President's signature the Treasury, Postal Service and General Government Appropriations Act (H.R. 2020) and the Alaska Power Administration Sale Act (S. 395). These actions, and the expiration of continuing resolution authority on November 13, 1995, changed the current level of budget authority, outlays and revenues. In addition, at the request of the Senate Committee on the Budget, the revenue estimates for the concurrent resolution have been revised, pursuant to Section 205(b)(2) of H. Con. Res. 67.

Sincerely,

JUNE E. O'NEILL.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1996, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS NOVEMBER 15, 1995

[In billions of dollars]

| | Budget resolution (H. Con. Res. 67) | Current level [1] | Current level over/under resolution |
|---|---|---|---|
| ON-BUDGET | | | |
| Budget authority | 1,285.5 | 896.1 | −389.4 |
| Outlays | 1,288.1 | 1,063.3 | −224.8 |
| Revenues: [2] | | | |
| 1996 | 1,036.8 | 1,042.5 | 5.7 |
| 1996–2000 | 5,543.7 | 5,690.8 | 147.0 |
| Deficit | 251.3 | 20.8 | −230.5 |
| Debt subject to limit | 5,210.7 | 4,898.9 | −311.8 |
| OFF-BUDGET | | | |
| Social Security outlays: | | | |
| 1996 | 299.4 | 299.4 | 0 |
| 1996–2000 | 1,626.5 | 1,626.5 | 0 |
| Social Security revenues: | | | |
| 1996 | 374.7 | 374.7 | 0 |

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1996, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS NOVEMBER 15, 1995—Continued

[In billions of dollars]

| | Budget resolution (H. Con. Res. 67) | Current level [1] | Current level over/under resolution |
|---|---|---|---|
| 1996–2000 | 2,061.0 | 2,061.0 | 0 |

[1] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] The revised revenue aggregate for the Budget Resolution is effective for the purposes of consideration of H.R. 2491, the Balanced Budget Act of 1995.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1996 AS OF CLOSE OF BUSINESS NOVEMBER 15, 1995

[In millions of dollars]

| | Budget authority | Outlays | Revenues |
|---|---|---|---|
| ENACTED IN PREVIOUS SESSIONS | | | |
| Revenues | | | 1,042,557 |
| Permanents and other spending legislation | 830,272 | 798,924 | |
| Appropriation legislation | | 242,052 | |
| Offsetting receipts | (200,017) | (200,017) | |
| Total previously enacted | 630,254 | 840,958 | 1,042,557 |
| ENACTED THIS SESSION | | | |
| Appropriation bills: | | | |
| 1995 Rescissions and Department of Defense Emergency Supplementals Act (P.L. 104–6) | (100) | (885) | |
| 1995 Rescissions and Emergency Supplementals for Disaster Assistance | 22 | (3,149) | |
| Agriculture (P.L. 104–37) | 62,602 | 45,620 | |
| Energy and Water (H.R. 1905) | 19,336 | 11,502 | |
| Military Construction (P.L. 104–32) | 11,177 | 3,110 | |
| Transportation (H.R. 2002) | 12,682 | 11,899 | |
| Authorization bills: | | | |
| Alaska Native Claims Settlement Act (P.L. 104–42) | 1 | 1 | |
| Fishermen's Protective Act Amendments of 1995 (P.L. 104–43) | | (*) | |
| Perishable Agricultural Commodities Act Amendments of 1995 (H.R. 1103) | 1 | (*) | 1 |
| Self-Employed Health Insurance Act (P.L. 104–7) | (18) | (18) | (101) |
| Total enacted this session | 105,704 | 68,080 | (100) |
| PENDING SIGNATURE | | | |
| Appropriations bills: | | | |
| Legislative Branch (H.R. 2492) | 2,125 | 1,977 | |
| Treasury, Postal Service, General Government (H.R. 2020) | 23,026 | 20,530 | |
| Authorization bills: | | | |
| Alaska Power Administration Sale Act (S. 395) | (20) | (20) | |
| Total pending signature | 25,132 | 22,488 | |
| ENTITLEMENTS AND MANDATORIES | | | |
| Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted | 135,049 | 131,736 | |
| Total Current Level [1] | 896,139 | 1,063,262 | 1,042,457 |
| Total Budget Resolution | 1,285,500 | 1,288,100 | 1,036,780 |
| Amount remaining: | | | |
| Under Budget Resolution | 389,361 | 224,838 | |
| Over Budget Resolution | | | 5,677 |

* Less than $500,000.

[1] In accordance with the Budget Enforcement Act, the total does not include $3,400 million in budget authority and $1,590 million in outlays for funding of emergencies that have been designated as such by the President and the Congress.

Notes: Detail may not add due to rounding. Numbers in parentheses are negative.•

## HOUSE GIFT BAN ACTION

• Mr. FEINGOLD. Mr. President, I want to take a few moments to comment on what happened last night in the other body with respect to the issue of banning gifts to Members of Congress.

As my colleagues will recall, we had a very spirited and very contentious debate on this issue just a few short months ago. We started with a proposal from the previous Congress, which would have banned gifts and meals from lobbyists and allowed some gifts from non-lobbyists.

As a counterproposal, the distinguished Senator from Kentucky [Mr. MCCONNELL] offered a set of rules on gifts, that most of us recognized as being not much of a reform effort. That proposal, in fact, would have allowed a Senator to accept an unlimited number of gifts under $100. By my math, if a Senator accepted a $100 gift from a single lobbyist every day of the year, that proposal would have allowed a Senator to accept $36,500 worth of gifts, at least, from a single lobbyist.

Recognizing how far apart the two sides were, my friend, the distinguished Senator from Arizona [Mr. MCCAIN] stepped forward with a thoughtful compromise, which essentially applied the executive branch gift rules to the U.S. Senate. The Senator from Arizona argued that what was good for the Secretary of State was good for a U.S. Senator, and of course, he was right.

After much good-faith negotiating, we ended up with a set of new gift rules that passed this body by a vote of 98 to nothing. It was a tough, fair and bipartisan compromise. Those new rules, effective this January 1, will do the following:

First, Senators will be prohibited from accepting any gift with a value of more than $50. Moreover, Senators may not accept from any single source—lobbyists or non-lobbyists—more than $100 total in gifts under $50. Gifts under $10 will not count towards this $100 annual cap. We have also banned all travel that is substantially recreational in nature, including these so-called charity trips that often double as expense-paid vacations for Members and their spouses.

But the key, Mr. President, to what we did in July, was that for the first time there is an aggregate cap on how many gifts Senators can accept from a single source. They cannot accept $36,500 in gifts from a single lobbyist and they cannot be wined and dined by the same lobbyist more than a couple times a year.

Last night, I am pleased to report, the House of Representatives took on the issue of banning gifts, and successfully passed legislation that on a strong bipartisan vote that will essentially ban gifts to Members of the House.

Interestingly, the debate in the House was not all that different to the debate we had here in the Senate. The House began with the Senate-passed

language—that was the underlying language. But much like what happened here in the Senate, there was an effort by the Gentleman from Indiana [Mr. BURTON] to gut the Senate-passed language and merely provide for phantom reform.

Had the Burton amendment passed, the House would have passed something that its supporters would have liked to have called a gift ban, but what in reality would have been an enshrinement of the outrageous degree of gift giving that takes place in this city.

Current House rules allow Members to accept up to $250 worth of gifts from a single source. However, gifts under $100 do not count against that aggregate limit. The Burton amendment would have continued the current $250 cap, but would have now stated that gifts under $50 would not count against the cap.

So instead of being allowed to accept at least $36,500 worth of gifts from a single lobbyist per year, a Member could have accepted at least $18,250 worth of gifts from a single lobbyist per year. For the proponents of the Burton amendment, that was their idea of reform.

It would have said to the American people that it is perfectly acceptable for Members of the House to accept an unlimited number of gifts from lobbyists. Thankfully, Mr. President, the Burton amendment met the same fate as the original McConnell proposal. The Burton amendment was, in fact, obliterated on the House floor by a vote of 276–154.

Republicans and Democrats alike in the House stood up and said that they were not going to continue the status quo, they were not going to snub their noses at the American people, and they were going to finally give the American people the kind of gift reform they have been asking for some time now.

The House, in fact, went on to pass a watertight gift ban, one very similar to the rule of the Wisconsin State Legislature which essentially prohibits legislators from accepting anything of value. By an overwhelming bipartisan vote of 422–6, the House passed a new gift rule that is essentially a zero-tolerance rule. It prohibits the acceptance of free gifts, meals and recreational trips.

There is no $10 de minimis. There is no $50 limit on single gifts and there is no $100 limit on aggregate gifts. The House, beginning January 1, will simply prohibit the acceptance of any gifts, other than those of little intrinsic value.

For 20 years, Mr. President, the Wisconsin State Legislature has lived under such a zero-tolerance policy and has achieved a national reputation for its sense of ethics and integrity government. Since I came to the U.S. Senate, my office has lived under these Wisconsin rules, and we have essentially created a gift-free zone in our Senate office building. It has been our experience that it is not all that difficult to say ''no thanks'' to the lobbyists.

Though long overdue, this represents another step on the road to meaningful reform of our political process, and I offer my strongest praise and commendation for the actions taken by our colleagues in the House last night.

As I have said countless times since I first set foot in Washington nearly 3 years ago, it is my preference that the Senate also abide by these Wisconsin-style rules. No gifts, no trips, no free meals. Those are the rules my office lives by and those are the rules that the Wisconsin Legislature has had in place for 20 years.

If the Senate rules can one day be changed so we are on equal ground with the House, I will be the first to stand up and fight for such a change. But the Senate rules are tough, they are fair, and they will have a profound impact on changing the culture of special interest influence that has pervaded this institution for so many years.

I want to briefly acknowledge some of my colleagues in the other body, from both sides of the aisle, who fought the good fight and were instrumental in the House's successful effort. I want to thank Congressman JOHN BRYANT for his longstanding leadership on this issue, as well as Representatives CHRIS SHAYS and TOM BARRETT, who recognized how important bipartisan cooperation and compromise is to this process.

Mr. President, the fight to reform the ways of Washington is far from over. The gift ban is just the first skirmish. We will insist on passage of lobbying reform legislation. We will insist that the Congress take up legislation to shut down the revolving door between public service and special access lobbying. And most important, we will insist that the Congress take up meaningful and comprehensive campaign finance reform.

Like the gift rules that have now passed both the House and Senate, none of these efforts will be successful without bipartisan leadership. Reforming this institution, and working to restore the faith and trust of the American people should not be a partisan issue. It does not make you a good Democrat, or a good Republican—it simply makes you a good American.●

## TIME TO BALANCE THE BUDGET

● Mr. KYL. Mr. President, I made a pledge to the people of my State last year that I would fight hard in the U.S. Senate to limit Government spending, reduce taxes, and cut the size of Government. I did not say that just to get elected. I did not say it just to compromise once I got to Washington. I meant what I said.

Mr. President, our government has been spending the Nation into bankruptcy. It has been taxing our people into mediocrity. By trying to do too much for all of us, it has—in the words of former Education Secretary Bill Bennett, ''created inefficiency, sapped individual responsibility, and intruded on personal liberty.''

The people of Arizona—the people of the United States—did not send us here to split the difference with the President when it comes to limiting spending, cutting taxes, or balancing the budget. In fact, they tossed out the Members of Congress whose only solution was the President's solution: to tax more, spend more, and expand Government. They did not send us here for more of the same.

The American people sent us here to make the difficult decisions to put our Nation's fiscal house in order, and they expect us to do it. As of this morning, calls and faxes to my office were running 10-to-1 in support of our staying the course. The great majority know this is crunch time; that it is no time for weak knees and hand-wringing.

Mr. President, this is the fourth day of the Government's partial shutdown, and do you know what? The sky has not fallen. The economy has not collapsed. People have not stopped sending their kids to school, volunteering in their communities, or doing their part to clean up the environment. I suspect that many people haven't even noticed that the Government has been shut down.

Now I know the shutdown has caused hardship and anxiety for many Federal employees. We did not ask for that to happen. Congress passed legislation earlier this week to keep them on the job and keep them paid. The President vetoed that bill and sent them home.

We passed a second bill yesterday to try to get Federal employees back to work—to process Social Security claims and VA widows' benefits, to pay our military, and fund educational and environmental clean-up activities. The bill will ensure that these employees are paid before the holidays, but the President has said that he will veto it, too. In fact, President Clinton is threatening to keep parts of the Government shut down, ''even if it is 90 days, 120 days or 180 days.'' Talk about blackmail: it is the President who is holding the Government hostage until Congress gives him more of the American people's money to spend.

If President Clinton is so bound and determined to prolong this suspension, maybe we should ask ourselves why he thinks he can get away with it. The President's own Office of Management and Budget has determined that 67 percent of the Commerce Department's staff was ''non-essential'' and sent them home. OMB determined that 99 percent—that is right, 99 percent—of the staff at the Department of Housing and Urban Development was non-essential. It determined that 89 percent of the Education Department's staff was non-essential. That is according to President Clinton's own Office of Management and Budget.

If the President makes good on his pledge to keep the Government shut down for 90 to 180 days, I guess the Nation will have a chance to see if he is right that the great majority of his own Commerce, HUD and Education workers are non-essential. Maybe we do not need all of those people after all. Maybe the President is on to something. We will have a chance to examine that later.

Mr. President, what can it be, though, that the administration objects to in the latest spending? President Clinton said he would accept no riders. There are none in this bill. There is nothing in here about tax cuts, nothing about Medicare, nothing about the environment. This is a clean bill that represents a good-faith effort to get Government operating in the short term. Yet, he still says he will veto it.

I will tell you this, Mr. President. For me, this measure represents my bottom line. In return for giving President Clinton the money to reopen the Government, we are asking for one simple thing: for the President to commit to a balanced budget in 7 years using real numbers.

That should be easy. It is something he says he wants anyway. Just Tuesday of this week, he said: ''Let me be clear: we must balance the budget.''

In 1992, he pledged to balance the budget in just 5 years. Since then, he has said he could support a plan to balance the budget in 10 years, 9 years, 8 years and 7. So, if he really means what he says, he should be able to support a balanced budget in 7 years, as we are proposing.

In his State of the Union message in 1993, he promised to judge the scope of the problem by the very same criteria that Congress uses, so that together we can find viable solutions. Here is what he told the American people on February 17, 1993 in his State of the Union message:

> Well, you can laugh, my fellow Republicans, but I will point out that the Congressional Budget Office was normally more conservative in what was going to happen and closer to right than previous presidents have been.

He went on to say:

> In the last 12 years, because there were differences over the revenue estimates, you and I know that both parties were given greater elbow room for irresponsibility. This [that is, using CBO numbers] is tightening the rein on the Democrats as well as the Republicans. Let us at least argue about the same set of numbers so the American people will think we are shooting straight with them.

I hope the President will remember his words and how important it is to use credible numbers to get to a balanced budget. It is important because, according to a recent Wall Street Journal report, his own Treasury Department just ''tweaked'' its economic forecasts to show $475 billion more in Government revenue by the year 2000.

Mr. President, tweaks will not get us to a balanced budget. That is the same irresponsible approach that has kept the deficit in the range of $200 billion for so many years. And it is why the Congressional Budget Office projects that President Clinton's so-called ''balanced budget'', a budget the Senate unanimously rejected on two separate occasions this year—will result in $200 billion deficits for the foreseeable future. Let me say that again, President Clinton's budget did not get the vote of any Senator, even from his own party.

Even our Democrat colleague from North Dakota, Senator DORGAN, candidly said in this Chamber on October 24 that: ''The President did not propose a budget that calls for a balanced budget.'' So, there is nothing partisan in recognizing that President Clinton has never proposed—never sent to Congress—the balanced budget he claims he wants.

Two days ago, President Clinton appeared on a news program and talked about how he would veto the balanced budget because he knows what is best for the country. Well, that is the problem, Mr. President. The American people do not want Washington—they do not trust Washington—to decide what is best for them. In a poll just conducted by the Behavior Research Center in Arizona, 58 percent of people said that they put their trust in the people of their own communities. Only 10 percent indicated their confidence in the Federal Government.

The American people know what is best for them. They do not need a national nanny in the White House to make every decision for them—to decide how to spend the money they work hard to earn. This balanced budget is about empowering American families to make their own decisions about how to lead their lives and make their communities better places.

A balanced budget will save the average family of four an estimated $2,791 per year. It means lower mortgage payments, less money paid out on car loans and student loans. It means more jobs. It means that our children and grandchildren will have an opportunity to do more than just work hard to pay the interest on the debt we are accumulating today.

So this is the bottom line. I supported this latest short-term spending bill. But I will not support any further stop-gap measures that do not, at a minimum, commit to a balanced budget in 7 years using real numbers.

We can compromise on how to get there, but I will not compromise on the fundamental principle of a balanced budget. The Nation's economic security is too important to delay any more.

## LA COLLINE RESTAURANT

• Mr. HEFLIN. Mr. President, for several years, La Colline restaurant has been designated by Washingtonian magazine as one of the area's best eating establishments. To those of us on Capitol Hill, it has become somewhat of an institution.

Last month, the magazine Report on Business designated our own La Colline as one of the world's 20 best restaurants for business, reflecting a national, even international, following.

On behalf of the Senate, I congratulate my friends at La Colline for receiving this honor, and ask that the Report on Business article on La Colline be printed in the RECORD.

The article follows:

[From Report on Business, October 1995]

''I KNOW A PLACE''

The largest media merger in U.S. history was set in motion by a chat, over dinner, between Disney chairman Michael Eisner and Capital Cities chairman Thomas Murphy. It's not important that we know exactly what the two men ate, or whether the chef is now entertaining bids for the movie rights to the menu. What's important is that $19 billion (U.S.) eventually changed hands because something about the style, the personality, the rightness of the setting allowed two executives to get friendly over food. No one says the outcome of a working lunch hinges on the amount of lemongrass deployed in the scallop ravioli. But when you're dealing while you dine, selecting the right restaurant matters. At home, you know what works, which place fits the tenor and times of your business. You may even know the name of the maitre d', and so you get the right table, and Marco brings the S. Pellegrino with lime without you even having to ask. When you're out in the world, on someone else's turf, selecting the ideal spot for Tuesday's get-to-know-session gets trickier. One wants to be au courant (nothing could be deadlier than appearing drastically out of date), but one wants not to be brushing chairs with the latest grunge music phenoms. Once you sit down, applying the rules that work at home can be disastrous—every city's corporate style is different. Many Atlantans like to brandish a smoking stogie the first chance they get. Try that in Toronto and waiters will pull back your thumbs until you cry. To help you avoid the pitfalls among the profiteroles, we've enlisted writers familiar with the current attitudes and idiosyncracies of the corporate communities in 18 of the world's most important cities. Their job: To find the restaurants that work best, because they reflect the times and tastes of the places where Canadians go to do business. The only safer choice is not even an option, because when the firm wants you out there, you can't order in.

LA COLLINE

(By Colin MacKenzie)

In Washington restaurants of a certain pretension, there is a practice that is as unnerving as it is universal. As each new patron arrives in the dining room, eyes rise, flick across the newcomer, and return to the conservation at hand. If you're Newt Gingrich, the lunch-hour chatter will stop. But since you're not, it won't.

This rite of tribal life in status-obsessed Washington, D.C., has been taking place for more than 13 years at La Colline, the definitive establishment restaurant on Capitol Hill. Two blocks of lawn from the senate side of the Capitol Building, La Colline is one of the closest restaurants to the legislative centre. Under the guidance of co-owner and executive chef Robert Gréault, La Colline has kept its large green-carpeted dining room filled by sticking to the Escoffier basics in a town that, whatever the politics of the moment, remains a bastion of cultural

conservatism. It was (modestly) revolutionary last year when Gréault decided to institute seasonal menus. But regulars—lobbists, lawyers and other congressional congregants—didn't have to worry. Along with such new arrivals as blackened tuna and a few pasta dishes, survive the old standbys: vichyssoise, lobster bisque, steak and fries, medallions of pork and eggs Benedict.

Because Washingtonians tend to work through dinner, lunch is when to join the local crowd. You have to be fast, though. The efficient and attentive service is designed to meet the Washington rule of the 45-minute lunch. Like the restaurant, the wine list is conventional and not exorbitantly priced. If, however, you wish to emulate the denizens, iced tea or sparkling water are your drink of choice.●

## DESPITE LEGAL ISSUES, VIRTUAL DICE ARE ROLLING

● Mr. LUGAR. Mr. President, I ask that the following article be printed in the RECORD.

[From USA Today, Nov. 17, 1995]

DESPITE LEGAL ISSUES, VIRTUAL DICE ARE ROLLING

(By Linda Kanamine)

Forget Las Vegas. Skip Atlantic City.

In an instant, on-line card games, slots, roulette, keno, craps and sports betting could be available to everyone with a computer and a phone.

Everyone is ready—the games, the virtual casinos, even a new way to pay.

Billions of dollars are riding on just one more thing, the government's OK.

But so far, law officials are saying ''No dice.'' The technology may be fine, but there's no protection for bettors.

''People are literally being asked to send money to somebody 4,000 miles away, who is not regulated and not controlled,'' says Minnesota Deputy Attorney General Tom Pursell. ''Just give him your credit card number and trust him to tell you when you've won. Now, what's wrong with this picture?''

Even as law enforcement balks at virtual casinos, the vast, unregulated Internet computer network has about 200 gambling-related sites.

While most are how-to-play tutorials or ads for future games, a handful are defiantly taking wagers.

''The vice watchers are really taking a look at this,'' says Jeff Frentzen, who follows Internet trends for PC Week magazine. ''The Internet is insecure. It's become a major hot-button issue and there will be many attempts to put controls on it.''

But how to control it?

Upstart operators already are in business in the Caribbean and Liechtenstein as they capitalize on the appeal of gaming.

Players, propelled by a new electronic cash system that replaces credit cards, already can click their computer mice on a handful of on-line sites and place their bets.

Most of those still look like a kid's video game. Blackjack? Your cards come up under the dealers' hand, you choose ''hit'' or ''stay,'' the computer adds up your cards for you. Roulette? The wheel turns on screen as you click your ''red'' or ''black,'' ''even'' or ''odd'' numbers.

Some are clearly adults-only. Sex World, for instance, features topless female dealers.

Still, it's hardly the $10 billion bonanza that gambling afficionados predicted would explode across the Internet six months ago. Gambling enthusiasts remain worried about ripoffs.

The first court challenge comes in December when Minnesota Attorney General Hubert ''Skip'' Humphrey Jr. tries to stop Las Vegas-based Granite Gate Resorts Inc. from offering on-line gambling.

Humphrey says simply advertising a future service is consumer fraud because federal and state laws bar betting over communications wires or with credit cards.

''We're trying to raise the issue before the cat's out of the bag with this,'' says Pursell, his deputy. ''This sets a precedent on dealing with the Internet in general.''

Policing computer users could ultimately affect cyberspace, from chat rooms and shopping to pornography and, of course, gambling. But blocking computer gambling may be tougher than hitting a royal flush.

A recent study found nearly 37 million people in the USA and Canada now have access to the Internet.

And polls have found at least 65% of adults have gambled, from lotteries and office pools to illegal sports bets. Wagering on legal games (casinos, lotteries and racetracks) has skyrocketed from $17 billion in 1976 to $480 billion last year and more than $500 billion this year.

Last month, St. Louis' Mark Twain Bank opened the first electronic-cash accounts. The bank turns account dollars into e-cash credits, which the customer spends on-line. The customer sends an encrypted code to the bank, which approves the payment.

''I absolutely believe there will be billion-dollar companies 10 years from now doing interactive gambling,'' says Colleen Anderson, president of IWN Inc. in Carlsbad, Calif., which develops interactive gambling programs.

''The potential is phenomenal. But we've got big hurdles to get over, like the regulations to say it's legal,'' she adds.

Meanwhile, entrepreneurs have headed offshore to take advantage of lax regulations abroad and the distance from U.S. law enforcement officials.

Many, like 34-year-old Toronto businessman Warren Eugene, are betting that U.S. agents will be too busy to bother with at-home gamblers.

His Internet Casinos is run from the Caribbean islands of Turks and Caicos. Click onto the site's home page and an eye-patched pirate runs a hand through coins and jewels overflowing a treasure chest at this ''Caribbean Casino.''

Registered players with passwords choose from 18 games, including Asian favorites, and casino themes ranging from the cowboys-in-leather West World to the topless Sex World.

In five months, he claims 25,000 have registered to play; 2,800 from Canada, Europe and especially Asia bet regularly. Casino jackpots have paid up to $1,400 and a football bet ''well over $100,000.''

With 22% of the gross going to the company—far higher than Las Vegas casinos, which hold about 8%—and no sizeable overhead costs, Eugene predicts ''huge, huge, huge profits, almost obscene profits.''

He says he doesn't accept U.S. gamblers unless they have an offshore bank account and even warns Americans on the home page to stay away.

There's no such warning on one of the newest gambling sites, a weekly Lotto run by the government of tiny Liechtenstein. Launched Oct. 7, it promises a minimum weekly jackpot of $1 million.

Justice Department officials concede gambling isn't a top priority. ''The Internet, we have no set policy,'' says spokesman John Russell. ''It's a very exciting time to be in law enforcement looking at these issues. The scope is so obviously huge.''

Yet most law enforcement agents insist that gambling is so stigmatized by links with organized crime, scandals and fraud that it must be regulated.

Critics say virtual casinos will increased debt and social angst. ''People will get involved over their heads,'' says Ed Looney of the Council on Compulsive Gambling in New Jersey.

''On-line hits a bunch of people who are the shut-ins, who will now have access to a casino,'' he says.

And many will be underage wagering behind the anonymity of a modem and their parents' credit cards.

So where is all this going?

''There isn't a lot of activity yet. I think there's a wait-and-see attitude while the martyrs go out and . . . make the mistakes,'' says PC Week's Frentzen. ''The Internet is a free system. It was never intended to be used for commercial purposes. The biggest hurdle will be consumer confidence, is this safe?''●

## WALTER J. BROWN: A TRUE FRIEND

● Mr. HOLLINGS. Mr. President, it is with great sadness that I rise today to pay tribute to one of my dearest friends, Walter J. Brown of Spartanburg, who passed away this morning at the age of 92. My personal sense of loss is compounded as the city of Spartanburg and the entire State of South Carolina also will miss Walter's warmth, service, generosity, and integrity.

Mr. President, Walter Brown was a pioneer in television and the communications industry in South Carolina. As founder in 1940 of the Spartan Radiocasting Co., now Spartan Communications, Inc., Walter built WSPA into a broadcasting powerhouse. His WSPA–AM was South Carolina's first radio station. Similarly, WSPA–FM was the State's first FM station and the first to broadcast in stereo in the Southeast.

But Walter Brown's crowning achievement is how he built WSPA–TV into a CBS stronghold in the Piedmont area. First on the air in 1956, WSPA–TV is known throughout South Carolina and the South as a premier broadcaster that reports the news, but also works to better the community.

Mr. President, Walter Brown was born in Bowman, GA. He was educated at Georgia Tech and the University of Georgia's Henry W. Grady School of Journalism. After managing his own news bureau in Washington, DC, he moved to Spartanburg to continue his career in journalism.

During World War II, Mr. Brown returned to Washington to serve as a special assistant to James F. Byrnes—before and during the times when he was Secretary of State. Later, after he had returned to Spartanburg, he wrote a book that remembered all that Senator Byrnes had done for the Nation.

Mr. President, in the years since I was Lieutenant Governor in the 1950s, Walter Brown was my close friend and adviser. I will miss the wise counsel that Walter provided—not only politically but on the full range of communications issues. He was fair, insightful, and visionary. Our loss is the Nation's loss.

Mr. President, as we mourn the loss of Walter Brown, let's remember how

he made South Carolina a better place. Our prayers are with his family during this difficult time.●

## STAMPING OUT THE LITTLE GUYS

Mr. SIMON. Mr. President, Victor Navasky, publisher of the Nation and many years ago an aide to Senator Ed Muskie, recently had an item in the Washington Post that we ought to be paying attention to; and I hope the Postal Rate Commission will look at carefully.

What the Postal Service should be doing is encouraging the free flow of ideas.

We talk about the melting pot strength of America sometimes as if it were a breeding process. The Italians marry the Germans and the Germans marry the Chinese and so forth. In fact the melting pot strength of America is the cross-fertilization of ideas. And anything that weakens that flow of ideas weakens America.

Journals like the Nation and their counterparts on the conservative side render a huge public service.

It is of interest to me to note that as you look at the rise in the rate of delivering packages containing everything from diapers to cashews, the increase in the rate of growth of sending these through the Postal Service has not been as great as the increase in sending ideas through the mail.

Frankly, Federal Express and United Postal Service and all their counterparts can deliver diapers and cashews just as well as the postal service. But the Postal Service provides the ideas that are important to the Nation.

One other item that I frankly was not aware of until I read Victor Navasky's column op-ed piece was that ''periodicals heavy in editorial content * * * will for the first time be charged postage by the mile.''

If that is accurate, and I am asking my staff to check that out right now, that is a great disservice. People in Alaska or Hawaii or the remotest U.S. territory should have the opportunity for ideas as much as people that live in Chicago or New York City or Washington, DC.

I ask that the Victor Navasky op-ed piece be printed in the RECORD and I urge my colleagues to read it.

The material follows:

STAMPING OUT THE LITTLE GUYS—DON'T LET POSTAL RATE REFORM CRUSH US SMALL OPINION MAGAZINES

(By Victor Navasky)

The Founding Fathers saw the circulation of opinion and intelligence as a condition of self-governance, and a postal service as the circulatory system of democracy. That is why, among other reasons, Benjamin Franklin agreed to serve as postmaster general. That is why Thomas Jefferson sought to persuade President Washington to appoint Thomas Paine as postmaster general. That is why Washington himself believed that all newspapers—which in those days were frequently partisan, radical and rabblerousing—should be delivered free of charge.

And that is why (not to put myself in such illustrious company) I agreed to add my two pence to the 17,000 pages of testimony accumulated by the Postal Rate Commission, which is considering a proposal that would undermine the postal principle deemed by the Founding Fathers to be essential to the enlightenment of the Republic. Namely, preferential treatment for carriers of information and opinion.

While we have heard too much about how Time Warner's rap records have contributed to the degradation of public discourse, we have heard too little about how lawyer-lobbyists for Time Warner and Dow Jones are pushing a proposed postal ''reform.'' Its main consequence would be to reward advertising-crammed mass magazines and newspapers and penalize small periodicals. It would especially hurt those with the highest percentage of editorial content, such as the journal of opinion whose financially precarious business it is to carry on the policy debate that democracy requires. To German philosopher Juergen Habermas, such journals are house organs to the public sphere and their role is nothing less than ''to set the standard for reasoned argumentation.''

One would have thought that the Magazine Publishers of America, which in theory represents all magazines large and small, would sound the alarm. But no, that job has been left to the American Business Press, which represents mostly smaller publications. Whether or not it is because a minority of its members, including Time Warner, pay a majority of its dues, MPA, along with the Postal Service, has been aggressively promoting a reclassification scheme whose consequence will be a de facto transfer of expense from magazines with a circulation in the millions, like People, to magazines with comparatively small circulations, among them the Nation.

On the surface, the reclassification proposal makes free-market sense. The plan would divide what is now second-class mail into two sub-classes and reward those periodicals that save the Postal Service sorting time and shipping costs by giving them a lower rate. The catch, however, is that for the most part, only the nation's largest magazines will qualify for the lower rate. Periodicals that do not have 24 or more subscribers in 90 percent of the relevant ZIP codes need not apply. Magazines too small to print regional editions and hire private trucks to deliver them to regional post offices will suffer. So will periodicals heavy in editorial content (which will for the first time be charged postage by the mile, reversing nearly two centuries of postal policy favoring editorial content over advertising). And so too will those without the technology to do what is quaintly known as ''pre-sortation'' (sorting in advance by ZIP code, which the Nation does but some of our smaller siblings can't).

Time Warner and other biggies will save millions on their postal rates; journals of opinion and most magazines with circulations under 100,000 will pay at least 17 percent more. No wonder, then, that the Postal Rate Commission's own Office of the Consumer Advocate denounced the plan because it would offer ''deeper discounts only to the largest and most technologically sophisticated mailers.''

So the Postal Service would turn the historic mission of second-class mail on its head. Until now, the independent Postal Rate Commission has barred the door against those who would drive the public-interest factor out of the rate-making process. It would be a tragedy if, at a time of unprecedented media concentration, one of the few remaining institutions dedicated to the propagation, circulation and testing of new policy ideas—the journal of opinion—were the casualty of lobbying by the very forces making it more important than ever that the independent voice be heard—whether the Nation, the New Republic or the new Weekly Standard.

The Postal Service is chartered as a public service and, as economist Robert Nathan testified on behalf of the American Business Press, it cannot and should not adopt, ''in the guise of abstract economics, the profit-maximizing strategies of private enterprise.''

In September, Loren Smith, ''chief marketing officer'' of the Postal Service, sent a form letter extolling the reform proposals on cost-saving grounds, conceding that some magazines would get hit with higher costs but suggesting that even these might achieve savings through ''co-mailing.''

Thus, when I appeared before the Postal Rate Commission in October to make the case I have outlined above, I was not surprised to be asked why the Nation couldn't qualify for the lower rate category either by co-mailing with other weeklies (time and logistics would make that impractical) or by cutting isolated subscribers from our rolls (business and social policy considerations would make that invidious).

What I didn't expect was to be cross-examined (on colonial history, yet) by counsel from both Time Warner and Dow Jones. They made much of the fact that in the 1790s Congress had singled out newspapers but not magazines for preferred treatment. That is a neat debater's point, but as historian Donald Stewart has documented, by far the greatest number of newspapers in those days were weeklies, the line between newspapers and magazines was murky at best (both were called journals), and the highly partisan colonial press was the equivalent of today's journal of opinion.

When asked, inter alia, the source for my assertion that Jefferson had nominated Paine for postmaster general, I happily cited a Jan. 31, 1974, editorial commentary by Arthur Schlesinger Jr. from the Wall Street Journal's editorial page. This perhaps is what prompted counsel to ask, in the three-and-a-half-hour colloquy's most esoteric query: Could I name any job from which citizen Paine had not been fired? I thought the question a non sequitur, but it did occur to me that these too are times that try men's souls.

## CLARIFICATION OF VA AUTHORITY

● Mr. ROCKEFELLER. Mr. President, earlier this week, I heard the Senator from Texas [Mrs. HUTCHISON], both on the floor and elsewhere, express her view that VA has existing authority to pay veterans' benefits during this time of the shutdown of the Federal Government. In some of those statements, she indicated that she had received legal opinions, including from the Congressional Research Service, which supported this position.

Because I was vitally interested in this issue, I asked Veterans' Affairs Committee staff to acquire copies of these opinions and advise me of their content. Initial inquiries found that CRS had not issued any opinion on this issue. However, today, an opinion, authored by Morton Rosenberg, Specialist in American Public Law in the American Law Division of CRS, was issued. In the most relevant passage, the opinion states—

Veterans' benefits are entitlements, but since they are entitlements that require annual appropriations, the absence of spending

authority, either through an appropriations measure or a continuing resolution, appears to preclude the scheduled payments by VA or by the Treasury Department through the tapping of a trust fund.

This certainly seems clear to me and should resolve any lingering confusion over VA's authority to pay benefits during this period when there is no appropriation in effect.

Mr. President, I ask that the full text of the opinion be printed in the RECORD.

The material follows:

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
*Washington, DC, November 17, 1995.*

Subject: Necessity of Appropriations Legislation to Pay Compensation and Pension Benefits By The Department of Veterans' Affairs on December 1, 1995.

Author: Morton Rosenberg, Specialist in American Public Law.

The Department of Veterans Affairs (VA) has advised that if a continuing resolution is not enacted into law by November 22, 1995, compensation and benefit checks scheduled to be mailed on December 1 would be delayed. Two questions are raised. First, are veterans' compensation and premium benefits entitlements? Second, if they are entitlements, isn't the government obligated to pay them on time, even if appropriations for the payments have not been passed, such as by tapping the civil service retirement fund?

Veterans' benefits are entitlements, but since they are entitlements that require annual appropriations, the absence of spending authority, either through an appropriations measure or a continuing resolution, appears to preclude the scheduled payments by VA or by the Treasury Department through the tapping of a trust fund.

Both the Constitution and federal statutory law place specific limits on what government entities may do in the absence of appropriated funds. The Constitution prohibits the withdrawal of any money from the Treasury ''but in Consequence of Appropriations made by the Law,'' U.S. Constit. art. I, sec. 9, cl. 7. By the terms of this clause, government entities may continue to obligate funds during a temporary lapse in appropriations, but they may not pay out any monies. This gap has been closed by the Antideficiency Act which prohibits the obligation of funds under such circumstances. Under that Act, it is a crime for an official or employee of the United States Government or of the District of Columbia to make expenditures in excess of appropriations or involve the Government ''in a contract or obligation for the payment of money before an appropriation is made unless authorized by law.'' 31 U.S.C. 1341(a)(1) (1988). The Act also prohibits any officer from accepting ''voluntary services,'' or ''employ[ing] personal services exceeding that authorized by law except for emergencies involving the safety of human life or the protection of Property''. 31 U.S.C. 1342. The exceptions clause was amended in 1990 to specifically preclude ''ongoing, regular functions of the government the suspension of which would not imminently threaten the safety of human life or the protection of property.'' *Id.* Thus on its face the Act appears to leave little room for the continuance of most government functions in advance of appropriations.

It is clear that veterans' compensation and pension benefits are ''entitlements''. *See, e.g.,* 38 U.S.C. 310. However, there are two types of entitlements: (1) Those that have permanent appropriations contained in authorizing legislation. These do not require funding through annual appropriation acts. The leading example is social security legislation and its trust funds mechanism. See 42 U.S.C. 401. (2) Also, there are those entitlements authorized in basic legislation for which funding is provided in annual appropriations acts. Veterans' compensation and pension benefits fall within this latter category. See Departments of Veterans' Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995, Pub. L. 103–327. As a consequence, the congressional failure to enact an annual appropriation act or a further continuing resolution constrains the VA's authority to spend, both with respect to the benefits themselves and the personnel necessary to administer the programs. VA therefore appears to be acting within the parameters of the Department of Justice and Office of Management and Budget guidelines for funding lapses. There are no ''no-year or multi-year or other funds available''. However, if funding legislation is passed, even after November 22, VA would then be properly authorized to issue checks and personnel necessary to issue them would be available.

The coincidence of the current debt limit situation provides no additional option for payment of the benefits. Reaching the debt limit and the failure to provide appropriations are distinctly different problems that are accompanied by different consequences and solutions. By law the total amount of government debt that may be outstanding is limited to $4.9 trillion. 31 U.S.C. 3101(b). When that limit is reached, if Congress has not increased it, the government must rely on taxes and miscellaneous receipts such as loan deposits and fees to replenish its operating balances. In essence, it must go on a cash basis. The statutory debt ceiling, therefore, limits the *ability* of government agencies to exercise spending authority that they have received in a appropriations measure because the Treasury will, at some point, not take in sufficient receipts to pay for all appropriated actions.

In contrast, a funding lapse involves the *authority* of agencies to spend money. Thus appropriations lapses and reaching the debt ceiling limit present distinct budgetary and legal issues for VA. The Department's decision to delay payments rests upon its lack of spending authority in the first place. There is no question of inability to pay. Indeed, in the absence of appropriations we are not aware of any legal basis for making the benefits payments by tapping, for instance, the civil service retirement fund for such and *unfunded* purpose. Stated differently, the lack of VA spending authority leaves Treasury without any apparent legal authority to use retirement trust fund resources or any other available monies for activities which have not been authorized ''in Consequence of Appropriations made by the Law''. What the Treasury is doing now is paying obligations that have come due either by using current revenues or by tapping the civil service retirement fund or the G fund, as authorized by statutes governing those funds. These obligations—unlike the VA entitlements—arise from activities for which appropriations have been enacted.●

## UNANIMOUS-CONSENT REQUEST—H.R. 2127

Mr. HARKIN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 2127, the Labor-HHS appropriations bill, and that the language on page 21, lines 3 to 10, relating to striker replacement, be stricken; that all other committee amendments be agreed to en bloc; that the bill be read a third time and passed; and that the motion to reconsider be laid upon the table, with the above occurring without intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. LOTT. Mr. President, I object to that at this point.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN. Mr. President, I will not take much time. I knew that would be objected to. I just want to say we had hot lined this on our side and hot lined it on the Republican side.

I just want the RECORD to show that there are no objections to this unanimous consent request on the Democratic side.

I will also state for the RECORD, I repeat from the RECORD of September 29, 1995, in a colloquy among this Senator, Senator SPECTER and Senator DOLE, the majority leader, when we tried to bring up the Labor-HHS appropriations bill.

Senator DOLE, the Senate majority leader, said and I quote from the RECORD of September 29, 1995:

> I agree with the Senator from Pennsylvania and the Senator from Iowa that we ought to pass that bill on a voice vote. We cannot get cloture. There are two votes, 54–46 party line votes.

And he is referring here to the striker replacement votes.

> So my view is we ought to do it, pass it and find out what happens after the veto in the next round.

Mr. President, I just want to point out that these riders that we have on the Labor-HHS bill can be dropped. For example, this week the Republicans have dropped their effort to attach the Istook antilobbying rider to the Treasury-Postal conference agreement, thereby clearing the bill for congressional approval.

They agreed to a compromise to the abortion rider on the defense appropriations conference agreement, also clearing it for approval in both Houses. And they dropped all 17 House-approved EPA riders on the HUD–VA conference agreement.

So this unanimous-consent request that I propounded—and I also want to state, Mr. President, that I had checked with the chairman of the Appropriations subcommittee, Senator SPECTER. I am the ranking member on that. I used to be chairman and he was ranking member. I checked with him earlier. He is in favor of this unanimous-consent request, and I asked if I could have his permission to so state that for the RECORD, and he said yes.

Again, Mr. President, I want to point out, on this side of the aisle, we have no objections to bringing up Labor-HHS and simply passing it on a voice vote if these riders are dropped, just as I pointed out riders were dropped from other bills, clearing them for action.

With that I thank the Senator from Mississippi.

## PRIVATE SECURITIES LITIGATION REFORM

Mr. LOTT. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 1058, a bill to reform Federal securities litigation, and for other purposes.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

*Resolved*, That the House disagree to the amendments of the Senate to the bill (H.R. 1058) entitled ''An Act to reform Federal securities litigation, and for other purposes'', and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

*Ordered*, That the following Members be the managers of the conference on the part of the House:

From the Committee on Commerce, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. Bliley, Mr. Tauzin, Mr. Fields of Texas, Mr. Cox of California, Mr. White, Mr. Dingell, Mr. Markey, Mr. Bryant of Texas, and Ms. Eshoo.

As additional conferees from the Committee on the Judiciary, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. Hyde, Mr. McCollum, and Mr. Conyers.

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate insist on its amendments and agree to the request for a conference and the Chair be authorized to appoint conferees on the part of the Senate.

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

Thereupon, the Presiding Officer (Mr. GORTON) appointed Mr. D'AMATO, Mr. GRAMM, Mr. BENNETT, Mr. GRAMS, Mr. DOMENICI, Mr. SARBANES, Mr. DODD, Mr. KERRY and Mr. BRYAN conferees on the part of the Senate.

## COAST GUARD AUTHORIZATION

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 210, S. 1004.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1004) to authorize appropriations for the United States Coast Guard, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

***SECTION 1. SHORT TITLE.***

*This Act may be cited as the ''Coast Guard Authorization Act of 1995''.*

***SEC. 2. TABLE OF CONTENTS.***

*The table of contents for this Act is as follows:*

*TITLE I—AUTHORIZATION*
*Sec. 101. Authorization of appropriations.*
*Sec. 102. Authorized levels of military strength and training.*
*TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT*
*Sec. 201. Provision of child development services.*
*Sec. 202. Hurricane Andrew relief.*
*Sec. 203. Dissemination of results of 0-6 continuation boards.*
*Sec. 204. Exclude certain reserves from end-of-year strength.*
*Sec. 205. Officer retention until retirement eligible.*
*Sec. 206. Contracts for health care services.*
*Sec. 207. Recruiting.*
*TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT*
*Sec. 301. Increased penalties for documentation violations.*
*Sec. 302. Clerical amendment.*
*Sec. 303. Maritime Drug and Alcohol Testing Program Civil Penalty.*
*Sec. 304. Renewal of the Navigation Safety Advisory Council.*
*Sec. 305. Renewal of the Commercial Fishing Industry Vessel Advisory Committee.*
*Sec. 306. Renewal of Towing Safety Advisory Committee.*
*Sec. 307. Electronic filing of commercial instruments.*
*Sec. 308. Civil penalties.*
*TITLE IV—COAST GUARD AUXILIARY AMENDMENTS*
*Sec. 401. Administration of the Coast Guard Auxiliary.*
*Sec. 402. Purpose of the Coast Guard Auxiliary.*
*Sec. 403. Members of the Auxiliary; Status.*
*Sec. 404. Assignment and Performance of Duties.*
*Sec. 405. Cooperation with other Agencies, States, Territories, and Political Subdivisions.*
*Sec. 406. Vessel Deemed Public Vessel.*
*Sec. 407. Aircraft Deemed Public Aircraft.*
*Sec. 408. Disposal of Certain Material.*
*TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT*
*Sec. 501. State recreational boating safety grants.*
*Sec. 502. Boating access.*
*TITLE VI—COAST GUARD REGULATORY REFORM*
*Sec. 601. Short title.*
*Sec. 602. Safety management.*
*Sec. 603. Use of reports, documents, records, and examinations of other persons.*
*Sec. 604. Equipment approval.*
*Sec. 605. Frequency of inspection.*
*Sec. 606. Certificate of inspection.*
*Sec. 607. Delegation of authority of Secretary to classification societies.*
*TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS.*
*Sec. 701. Amendment of inland navigation rules.*
*Sec. 702. Measurement of vessels.*
*Sec. 703. Longshore and harbor workers compensation.*
*Sec. 704. Radiotelephone requirements.*
*Sec. 705. Vessel operating requirements.*
*Sec. 706. Merchant Marine Act, 1920.*
*Sec. 707. Merchant Marine Act, 1956.*
*Sec. 708. Maritime education and training.*
*Sec. 709. General definitions.*
*Sec. 710. Authority to exempt certain vessels.*
*Sec. 711. Inspection of vessels.*
*Sec. 712. Regulations.*
*Sec. 713. Penalties—inspection of vessels.*
*Sec. 714. Application—tank vessels.*
*Sec. 715. Tank vessel construction standards.*
*Sec. 716. Tanker minimum standards.*
*Sec. 717. Self-propelled tank vessel minimum standards.*
*Sec. 718. Definition—abandonment of barges.*
*Sec. 719. Application—load lines.*
*Sec. 720. Licensing of individuals.*
*Sec. 721. Able seamen-limited.*
*Sec. 722. Able seamen—offshore supply vessels.*
*Sec. 723. Scale of employment—able seamen.*
*Sec. 724. General requirements—engine department.*
*Sec. 725. Complement of inspected vessels.*
*Sec. 726. Watchmen.*
*Sec. 727. Citizenship and naval reserve requirements.*
*Sec. 728. Watches.*
*Sec. 729. Minimum number of licensed individuals.*
*Sec. 730. Officers' competency certificates convention.*
*Sec. 731. Merchant mariners' documents required.*
*Sec. 732. Certain crew requirements.*
*Sec. 733. Freight vessels.*
*Sec. 734. Exemptions.*
*Sec. 735. United States registered pilot service.*
*Sec. 736. Definitions—merchant seamen protection.*
*Sec. 737. Application—foreign and intercoastal voyages.*
*Sec. 738. Application—coastwise voyages.*
*Sec. 739. Fishing agreements.*
*Sec. 740. Accomodations for seamen.*
*Sec. 741. Medicine chests.*
*Sec. 742. Logbook and entry requirements.*
*Sec. 743. Coastwise endorsements.*
*Sec. 744. Fishery endorsements.*
*Sec. 745. Convention tonnage for licenses, certificates, and documents.*

*TITLE I—AUTHORIZATION*

***SEC. 101. AUTHORIZATION OF APPROPRIATIONS.***

*(a) FISCAL YEAR 1995.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1995, as follows:*

*(1) For the operation and maintenance of the Coast Guard, $2,630,505,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $439,200,000, to re main available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust Fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.*

*(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $20,310,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $562,585,000.*

*(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $12,880,000, to remain available until expended, which may be made available under section 104(e) of title 49, United States Code.*

*(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.*

*(b) FISCAL YEAR 1996.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1996, as follows:*

*(1) For the operation and maintenance of the Coast Guard, $2,618,316,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $428,200,000, to remain available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.*

*(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $22,500,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $582,022,000.*

*(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $16,200,000, to remain available until expended, of which up to $14,200,000 may be made available under section 104(e) of title 49, United States Code.*

*(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.*

*(c) AMOUNTS FROM THE DISCRETIONARY BRIDGE PROGRAM.—Section 104 of title 49, United States Code, is amended by adding at the end thereof the following:*

*''(e) Notwithstanding the provisions of sections 101(d) and 144 of title 23, highway bridges determined to be unreasonable obstructions to navigation under the Truman-Hobbs Act may be funded from amounts set aside from the discretionary bridge program. The Secretary shall transfer these allocations and the responsibility for administration of these funds to the United States Coast Guard.''.*

***SEC. 102. AUTHORIZED LEVELS OF MILITARY STRENGTH AND TRAINING.***

*(a) AUTHORIZED MILITARY STRENGTH LEVEL.—The Coast Guard is authorized an end-of-year strength for active duty personnel of—*

*(1) 39,000 as of September 30, 1995.*

*(2) 38,400 as of September 30, 1996.*

*The authorized strength does not include members of the Ready Reserve called to active duty for special or emergency augmentation of regular Coast Guard forces for periods of 180 days or less.*

*(b) AUTHORIZED LEVEL OF MILITARY TRAINING.—The Coast Guard is authorized average military training student loads as follows:*

*(1) For recruit and special training—*

*(A) 2,000 student years for fiscal year 1995; and*

*(B) 1,604 student years for fiscal year 1996.*

*(2) For flight training—*

*(A) 133 student years for fiscal year 1995; and*

*(B) 85 student years for fiscal year 1996.*

*(3) For professional training in military and civilian institutions—*

*(A) 344 student years for fiscal year 1995; and*

*(B) 330 student years for fiscal year 1996.*

*(4) For officer acquisition—*

*(A) 955 student years for fiscal year 1995; and*

*(B) 874 student years for fiscal year 1996.*

***TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT***

***SEC. 201. PROVISION OF CHILD DEVELOPMENT SERVICES.***

*(a) IN GENERAL.—Title 14, United States Code, is amended by inserting after section 514 the following new section:*

***''§515. Child development services***

*''(a) The Commandant may make child development services available for members and civilian employees of the Coast Guard, and thereafter as space is available for members of the Armed Forces and Federal civilian employees. Child development service benefits provided under the authority of this section shall be in addition to benefits provided under other laws.*

*''(b)(1) Except as provided in paragraph (2), the Commandant may require that amounts received as fees for the provision of services under this section at Coast Guard child development centers be used only for compensation of employees at those centers who are directly involved in providing child care.*

*''(2) If the Commandant determines that compliance with the limitation in paragraph (1) would result in an uneconomical and inefficient use of such fee receipts, the Commandant may (to the extent that such compliance would be uneconomical and inefficient) use such receipts—*

*''(A) for the purchase of consumable or disposable items for Coast Guard child development centers; and*

*''(B) if the requirements of such centers for consumable or disposable items for a given fiscal year have been met, for other expenses of those centers.*

*''(c) The Commandant shall provide for regular and unannounced inspections of each child development center under this section and may use Department of Defense or other training programs to ensure that all child development center employees under this section meet minimum standards of training with respect to early childhood development, activities and disciplinary techniques appropriate to children of different ages, child abuse prevention and detection,and appropriate emergency medical procedures.*

*''(d) Of the amounts available to the Coast Guard each fiscal year for operating expenses (and in addition to amounts received as fees), the Secretary shall use for child development services under this section an amount equal to the total amount the Commandant estimates will be received by the Coast Guard in the fiscal year as fees for the provision of those services.*

*''(e) The Commandant may use appropriated funds available to the Coast Guard to provide assistance to family home day care providers so that family home day care services can be provided to uniformed service members and civilian employees of the Coast Guard at a cost comparable to the cost of services provided by Coast Guard child development centers.*

*''(f) The Secretary shall promulgate regulations to implement this section. The regulations shall establish fees to be charged for child development services provided under this section which take into consideration total family income.*

*''(g) For purposes of this section, the term 'child development center' does not include a child care services facility for which space is allotted under section 616 of the Act of December 22, 1987 (40 U.S.A. 490b).''.*

*(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 13 of title 14, United States Code, is amended by inserting after the item related to section 514 the following:*

*''515. Child development services.''.*

***SEC. 202. HURRICANE ANDREW RELIEF.***

*Section 2856 of the National Defense Authorization Act for Fiscal Year 1993 (Pub. L. 102-484) applies to the military personnel of the Coast Guard who were assigned to, or employed at or in connection with, any Federal facility or installation in the vicinity of Homestead Air Force Base, Florida, including the areas of Broward, Collier, Dade, and Monroe Counties, on or before August 24, 1992, except that funds available to the Coast Guard, not to exceed $25,000, shall be used. The Secretary of Transportation shall administer the provisions of section 2856 for the Coast Guard.*

***SEC. 203. DISSEMINATION OF RESULTS OF 0-6 CONTINUATION BOARDS.***

*Section 289(f) of title 14, United States Code, is amended by striking ''Upon approval by the President, the names of the officers selected for continuation on active duty by the board shall be promptly disseminated to the service at large.''.*

***SEC. 204. EXCLUDE CERTAIN RESERVES FROM END-OF-YEAR STRENGTH.***

*Section 712 of title 14, United States Code, is amended by adding at the end the following new subsection:*

*''(d) Members ordered to active duty under this section shall not be counted in computing authorized strength in members on active duty or members in grade under this title or under any other law.''.*

***SEC. 205. OFFICER RETENTION UNTIL RETIREMENT ELIGIBLE.***

*Section 283(b) of title 14, United States Code, is amended—*

*(1) by inserting ''(1)'' after ''(b)'';*

*(2) by striking the last sentence; and*

*(3) by adding at the end the following:*

*''(2) Upon the completion of a term under paragraph (1), an officer shall, unless selected for further continuation—*

*''(A) except as provided in subparagraph (B), be honorably discharged with severance pay computed under section 286 of this title;*

*''(B) in the case of an officer who has completed at least 18 years of active service on the date of discharge under subparagraph (A), be retained on active duty and retired on the last day of the month in which the officer completes 20 years of active service, unless earlier removed under another provision of law; or*

*''(C) if eligible for retirement under any law, be retired.''.*

***SEC. 206. CONTRACTS FOR HEALTH CARE SERVICES.***

*(a) Chapter 17 of title 14, United States Code, is amended by inserting after section 644 the following new section:*

***''§ 644a. Contracts for health care services***

*''(a) Subject to the availability of appropriations for this purpose; the Commandant may enter into personal services and other contracts to carry out health care responsibilities pursuant to section 93 of this title and other applicable provisions of law pertaining to the provision of health care services to Coast Guard personnel and covered beneficiaries. The authority provided in this subsection is in addition to any other contract authorities of the Commandant provided by law or as delegated to the Commandant from time to time by the Secretary, including but not limited to authority relating to the management of health care facilities and furnishing of health care services pursuant to title 10 and this title.*

*''(b) The total amount of compensation paid to an individual in any year under a personal services contract entered into under subsection (a) shall not exceed the amount of annual compensation (excluding allowances for expenses) allowable for such contracts entered into by the Secretary of Defense pursuant to section 1091 of title 10.*

*''(c)(1) The Secretary shall promulgate regulations to assure—*

''(A) the provision of adequate notice of contract opportunities to individuals residing in the area of a medical treatment facility involved; and

''(B) consideration of interested individuals solely on the basis of the qualifications established for the contract and the proposed contract price.

''(2) Upon establishment of the procedures under paragraph (1), the Secretary may exempt personal services contracts covered by this section from the competitive contracting requirements specified in section 2304 of title 10, or any other similar requirements of law.

''(d) The procedures and exemptions provided under subsection (c) shall not apply to personal services contracts entered into under subsection (a) with entities other than individuals or to any contract that is not an authorized personal services contract under subsection (a).''.

(b) The table of sections for chapter 17 of title 14, United States Code, is amended by inserting after the item relating to section 644 the following:

''644a. Contracts for health care services.''.

(c) The amendments made by this section shall take effect on the date of enactment of this Act. Any personal services contract entered into on behalf of the Coast Guard in reliance upon the authority of section 1091 of title 10 before that date is confirmed and ratified and shall remain in effect in accordance with the terms of the contract.

## TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT

### SEC. 301. INCREASED PENALTIES FOR DOCUMENTATION VIOLATIONS.

(a) CIVIL PENALTY.— Section 12122(a) of title 46, United States Code, is amended by striking ''$500'' and inserting ''$10,000.''

(b) SEIZURE AND FORFEITURE.—

(1) IN GENERAL.— Section 12122(b) of title 46, United States Code, is amended to read as follows:

''(b) A vessel and its equipment are liable to seizure by and forfeiture to the United States Government —

''(1) when the owner of a vessel or the representative or agent of the owner knowingly falsifies or conceals a material fact, or knowingly makes a false statement or representation about the documentation or when applying for documentation of the vessel;

''(2) when a certificate of documentation is knowingly and fraudulently used for a vessel;

''(3) when a vessel is operated after its endorsement has been denied or revoked under section 12123 of this title;

''(4) when a vessel is employed in a trade without an appropriate trade endorsement;

''(5) when a documented vessel with only a recreational endorsement is operated other than for pleasure; or

''(6) when a documented vessel, other than a vessel with only a recreational endorsement operating within the territorial waters of the United States, is placed under the command of a person not a citizen of the United States.''.

(2) CONFORMING AMENDMENT.—Section 12122(c) of title 46, United States Code, is repealed.

(c) LIMITATION ON OPERATION OF VESSEL WITH ONLY RECREATIONAL ENDORSEMENT.—Section 12110(c) of title 46, United States Code, is amended to read as follows:

''(c) A vessel with only a recreational endorsement may not be operated other than for pleasure.''.

(d) TERMINATION OF RESTRICTION ON COMMAND OF RECREATIONAL VESSELS.—

(1) TERMINATION OF RESTRICTION.—Subsection (d) of section 12110 of title 46, United States Code, is amended by inserting '', other than a vessel with only a recreational endorsement operating within the territorial waters of the United States,'' after ''A documented vessel''; and

(2) CONFORMING AMENDMENT.—Section 12111(a)(2) of title 46, United States Code, is amended by inserting before the period the following: ''in violation of section 12110(d) of this title''.

### SEC. 302. CLERICAL AMENDMENT.

Chapter 121 of title 46, United States Code, is amended—

(1) by striking the first section 12123; and

(2) in the table of sections at the beginning of the chapter by striking the first item relating to section 12123.

### SEC. 303. MARITIME DRUG AND ALCOHOL TESTING PROGRAM CIVIL PENALTY.

(a) IN GENERAL.—Chapter 21 of title 46, United States Code, is amended by adding at the end a new section 2115 to read as follows:

**''§2115. Civil penalty to enforce alcohol and dangerous drug testing**

''Any person who fails to implement or conduct, or who otherwise fails to comply with the requirements prescribed by the Secretary for, chemical testing for dangerous drugs or for evidence of alcohol use, as prescribed under this subtitle or a regulation prescribed by the Sec retary to carry out the provisions of this subtitle, is liable to the United States Government for a civil penalty of not more than $ 1,000 for each violation. Each day of a continuing violation shall constitute a separate violation.''.

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 21 of title 46, United States Code, is amended by inserting after the item relating to section 2114 the following:

''2115. Civil penalty to enforce alcohol and dangerous drug testing.''

### SEC. 304. RENEWAL OF THE NAVIGATION SAFETY ADVISORY COUNCIL.

Section 5(d) of the Inland Navigational Rules Act of 1980 (33 U.S.C. 2073) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

### SEC. 305. RENEWAL OF THE COMMERCIAL FISHING INDUSTRY VESSEL ADVISORY COMMITTEE.

Subsection (e)(1) of section 4508 of title 46, United States Code, is amended by striking ''September 30, 1994'' and inserting ''September 30, 2000''.

### SEC. 306. RENEWAL OF TOWING SAFETY ADVISORY COMMITTEE.

Subsection (e) of the Act to Establish A Towing Safety Advisory Committee in the Department of Transportation (33 U.S.C. 1231a(e) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

### SEC. 307. ELECTRONIC FILING OF COMMERCIAL INSTRUMENTS.

Section 31321(a) of title 46, United States Code, is amended by adding at the end the following new paragraph:

''(4)(A) A bill of sale, conveyance, mortgage, assignment, or related instrument may be filed electronically under regulations prescribed by the Secretary.

''(B) A filing made electronically under subparagraph (A) shall not be effective after the 10-day period beginning on the date of the filing unless the original instrument is provided to the Secretary within that 10-day period.''.

### SEC. 308. CIVIL PENALTIES.

(a) PENALTY FOR FAILURE TO REPORT A CASUALTY.—Section 6103(a) of title 46, United States Code is amended by striking ''$1,000'' and inserting ''not more than $25,000''.

(b) OPERATION OF UNINSPECTED TOWING VESSEL IN VIOLATION OF MANNING REQUIREMENTS.—Section 8906 of title 46, United States Code, is amended by striking ''$1,000'' and inserting ''not more than $25,000''.

## TITLE IV—COAST GUARD AUXILIARY

### SEC. 401. ADMINISTRATION OF THE COAST GUARD AUXILIARY.

(a) Section 821, title 14, United States Code, is amended to read as follows:

''(a) The Coast Guard Auxiliary is a nonmilitary organization administered by the Commandant under the direction of the Secretary. For command, control, and administrative purposes, the Auxiliary shall include such organizational elements and units as are approved by the Commandant, including but not limited to, a national board and staff (Auxiliary headquarters unit), districts, regions, divisions, flotillas, and other organizational elements and units. The Auxiliary organization and its officers shall have such rights, privileges, powers, and duties as may be granted to them by the Commandant, consistent with this title and other applicable provisions of law. The Commandant may delegate to officers of the Auxiliary the authority vested in the Commandant by this section, in the manner and to the extent the Commandant considers necessary or appropriate for the functioning, organization, and internal administration of the Auxiliary.

''(b) Each organizational element or unit of the Coast Guard Auxiliary organization (but excluding any corporation formed by an organizational element or unit of the Auxiliary under subsection (c) of this section), shall, except when acting outside the scope of section 822, at all times be deemed to be an instrumentality of the United States, for purposes of the Federal Tort Claims Act (28 U.S.C. 2671, et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781-790), the Suits in Admiralty Act (46 U.S.C. App. 741-752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes.

''(c) The national board of the Auxiliary, and any Auxiliary district or region, may form a corporation under State law, provided that the formation of such a corporation is in accordance with policies established by the Commandant.''.

(b) The section heading for section 821 of title 14, United States Code, is amended after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.

(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 821, after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.

### SEC. 402. PURPOSE OF THE COAST GUARD AUXILIARY.

(a) Section 822 of title 14, United States Code, is amended by striking the entire text and inserting:

''The purpose of the Auxiliary is to assist the Coast Guard, as authorized by the Commandant, in performing any Coast Guard function, power, duty, role, mission, or operation authorized by law.''.

(b) The section heading for section 822 of title 14, United States Code, is amended after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.

(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 822, after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.

### SEC. 403. MEMBERS OF THE AUXILIARY; STATUS.

(a) Title 14, United States Code, is amended by inserting after section 823 the following new section:

**''§823a. Members of the Auxiliary; status**

''(a) Except as otherwise provided in this chapter, a member of the Coast Guard Auxiliary shall not be deemed to be a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, Federal employee benefits, ethics, conflicts of interest, and other similar criminal or civil statutes and regulations governing the conduct of Federal employees. However, nothing in this subsection shall constrain the Commandant from prescribing standards for the conduct and behavior of members of the Auxiliary.

''(b) A member of the Auxiliary while assigned to duty shall be deemed to be a Federal employee only for the purposes of the following:

''(1) the Federal Tort Claims Act (28 U.S.C. 2671 et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781-790), the Suits in Admiralty Act (46 U.S.C. App. 741-752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes;

''(2) compensation for work injuries under chapter 81 of title 5, United States Code; and

''(3) the resolution of claims relating to damage to or loss of personal property of the member incident to service under the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 3721).

''(c) A member of the Auxiliary, while assigned to duty, shall be deemed to be a person acting under an officer of the United States or an agency thereof for purposes of section 1442(a)(1) of title 28, United States Code.''.

(b) The table of sections for chapter 23 of title 14, United States Code, is amended by inserting the following new item after the item relating to section 823:

''823a. Members of the Auxiliary; status.''.

**SEC. 404. ASSIGNMENT AND PERFORMANCE OF DUTIES.**

Title 14, United States Code, is amended by striking ''specific'' each place it appears in sections 830, 831, and 832.

**SEC. 405. COOPERATION WITH OTHER AGENCIES, STATES, TERRITORIES, AND POLITICAL SUBDIVISIONS.**

(a) Section 141 of title 14, United States Code, is amended —

(1) by striking ''General'' in the section caption and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions'';

(2) by inserting ''(which include members of the Auxiliary and facilities governed under chapter 23)'' after ''personnel and facilities'' in the first sentence of subsection (a); and

(3) by adding at the end of subsection (a) the following: ''The Commandant may prescribe conditions, including reimbursement, under which personnel and facilities may be provided under this subsection.''.

(b) The table of sections for chapter 7 of title 14, United States Code, is amended by striking ''General'' in the item relating to section 141 and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions.''.

**SEC. 406. VESSEL DEEMED PUBLIC VESSEL.**

The text of section 827 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any motorboat or yacht shall be deemed to be a public vessel of the United States and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law.''.

**SEC. 407. AIRCRAFT DEEMED PUBLIC AIRCRAFT.**

The text of section 828 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any aircraft shall be deemed to be a Coast Guard aircraft, a public vessel of the United States, and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law. Subject to the provisions of sections 823a and 831 of this title, while assigned to duty, qualified Auxiliary pilots shall be deemed to be Coast Guard pilots.''.

**SEC. 408. DISPOSAL OF CERTAIN MATERIAL.**

Section 641(a) of title 14, United States Code, is amended—

(1) by inserting ''to the Coast Guard Auxiliary, including any incorporated unit thereof,'' after ''with or without charge,''; and

(2) by striking ''to any incorporated unit of the Coast Guard Auxiliary,'' after ''America,''.

## TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT

**SEC. 501. STATE RECREATIONAL BOATING SAFETY GRANTS.—**

(a) TRANSFER OF AMOUNTS FOR STATE BOATING SAFETY PROGRAMS.—

(1) TRANSFERS.—Section 4(b) of the Act of August 9, 1950 (16 U.S.C. 777c(b); commonly referred to as the ''Dingell-Johnson Sport Fish Restoration Act'') is amended to read as follows:

''(b)(1) Of the balance of each annual appropriation remaining after making the distribution under subsection (a), an amount equal to $15,000,000 for fiscal year 1995, $40,000,000 for fiscal year 1996, $55,000,000 for fiscal year 1997, and $69,000,000 for each of fiscal years 1998 and 1999, shall, subject to paragraph (2), be used as follows:

''(A) A sum equal to $7,500,000 of the amount available for fiscal year 1995, and a sum equal to $10,000,000 of the amount available for each of fiscal years 1996 and 1997, shall be available for use by the Secretary of the Interior for grants under section 5604(c) of the Clean Vessel Act of 1992. Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(B) A sum equal to $7,500,000 of the amount available for fiscal year 1995, $30,000,000 of the amount available for fiscal year 1996, $45,000,000 of the amount available for fiscal year 1997, and $59,000,000 of the amount available for each of fiscal years 1998 and 1999, shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for recreational boating safety programs under section 13106 of title 46, United States Code.

''(C) A sum equal to $10,000,000 of the amount available for each of fiscal years 1998 and 1999 shall be available for use by the Secretary of the Interior for—

''(i) grants under section 502(e) of the Coast Guard Authorization Act of 1995; and

''(ii) grants under section 5604(c) of the Clean Vessel Act of 1992.

Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(2)(A) Beginning with fiscal year 1996, the amount transferred under paragraph (1)(B) for a fiscal year shall be reduced by the lesser of—

''(i) the amount appropriated for that fiscal year from the Boat Safety Account in the Aquatic Resources Trust Fund established under section 9504 of the Internal Revenue Code of 1986 to carry out the purposes of section 13106 of title 46, United States Code; or

''(ii) $35,000,000.

''(iii) for fiscal year 1996 only, $30,000,000.

''(B) The amount of any reduction under subparagraph (A) shall be apportioned among the several States under subsection (d) of this section by the Secretary of the Interior.''.

(2) CONFORMING AMENDMENT.—Section 5604(c)(1) of the Clean Vessel Act of 1992 (33 U.S.C. 1322 note) is amended by striking ''section 4(b)(2) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(2), as amended by this Act)'' and inserting ''section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1))''.

(b) EXPENDITURE OF AMOUNTS FOR STATE RECREATIONAL BOATING SAFETYPROGRAMS.—Section 13106 of title 46, United States Code, is amended—

(1) by striking the first sentence of subsection (a)(1) and inserting the following: ''Subject to paragraph (2), the Secretary shall expend under contracts with States under this chapter in each fiscal year for State recreational boating safety programs an amount equal to the sum of the amount appropriated from the Boat Safety Account for that fiscal year plus the amount transferred to the Secretary under section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1)) for that fiscal year.''; and

(2) by amending subsection (c) to read as follows:

''(c) For expenditure under this chapter for State recreational boating safety programs there are authorized to be appropriated to the Secretary of Transportation from the Boat Safety Account established under section 9504 of the Internal Revenue Code of 1986 (26 U.S.C. 9504) not more than $35,000,000 each fiscal year.''.

(c) EXCESS FY 1995 BOAT SAFETY ACCOUNT FUNDS TRANSFER.—Notwithstanding any other provision of law, $20,000,000 of the annual appropriation from the Sport Fish Restoration Account in fiscal year 1996 made in accordance with the provisions of section 3 of the Act of August 9, 1950 (16 U.S.C. 777b) shall be excluded from the calculation of amounts to be distributed under section 4(a) of such Act (16 U.S.C. 777c(a)).

**SEC. 502. BOATING ACCESS.**

(a) FINDINGS.—The Congress makes the following findings:

(1) Nontrailerable recreational motorboats contribute 15 percent of the gasoline taxes deposited in the Aquatic Resources Trust Fund while constituting less than 5 percent of the recreational vessels in the United States.

(2) The majority of recreational vessel access facilities constructed with Aquatic Resources Trust Fund moneys benefit trailerable recreational vessels.

(3) More Aquatic Resources Trust Fund moneys should be spent on recreational vessel access facilities that benefit recreational vessels that are nontrailerable vessels.

(b) PURPOSE.—The purpose of this section is to provide funds to States for the development of public facilities for transient nontrailerable vessels.

(c) SURVEY.—Within 18 months after the date of the enactment of this Act, any State may complete and submit to the Secretary of the Interior a survey which identifies—

(1) the number and location in the State of all public facilities for transient nontrailerable vessels; and

(2) the number and areas of operation in the State of all nontrailerable vessels that operate on navigable waters in the State.

(d) PLAN.—Within 6 months after submitting a survey to the Secretary of the Interior in accordance with subsection (c), an eligible State may develop and submit to the Secretary of the Interior a plan for the construction and renovation of public facilities for transient nontrailerable vessels to meet the needs of nontrailerable vessels operating on navigable waters in the State.

(e) GRANT PROGRAM.—

(1) MATCHING GRANTS.—The Secretary of the Interior shall obligate not less than one-half of the amount made available for each of fiscal years 1998 and 1999 under section 4(b)(1)(C) of the Act of August 9, 1950, as amended by section 501(a)(1) of this Act, to make grants to any eligible State to pay not more than 75 percent of the cost of constructing or renovating public facilities for transient nontrailerable vessels.

(2) PRIORITY.—

(A) IN GENERAL.—In awarding grants under this subsection, the Secretary of the Interior shall give priority to projects that consist of the construction or renovation of public facilities for transient nontrailerable vessels in accordance with a plan submitted by a State submitted under subsection (b).

(B) WITHIN STATE.—In awarding grants under this subsection for projects in a particular State, the Secretary of the Interior shall give priority to projects that are likely to serve the greatest number of nontrailerable vessels.

*(f) DEFINITIONS.—For the purpose of this section and section 501 of this Act the term—*

*(1) ''Act of August 9, 1950'' means the Act entitled ''An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes'', approved August 9, 1950 (16 U.S.C. 777a et seq.);*

*(2) ''nontrailerable vessel'' means a recreational vessel greater than 26 feet in length;*

*(3) ''public facilities for transient nontrailerable vessels'' means mooring buoys, day-docks, seasonal slips or similar structures located on navigable waters, that are available to the general public and designed for temporary use by nontrailerable vessels;*

*(4) ''recreational vessel'' means a vessel—*

*(A) operated primarily for pleasure; or*

*(B) leased, rented, or chartered to another for the latter's pleasure; and*

*(5) ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Marianas.*

*TITLE VI—COAST GUARD REGULATORY REFORM*

***SEC. 601. SHORT TITLE.***

*This title may be cited as the ''Coast Guard Regulatory Reform Act of 1995''.*

***SEC. 602. SAFETY MANAGEMENT.***

*(a) MANAGEMENT OF VESSELS.—Title 46, United States Code, is amended by adding after chapter 31 the following new chapter:*

*''CHAPTER 32—MANAGEMENT OF VESSELS*

*''Sec.*

*''3201. Definitions.*

*''3202. Application.*

*''3203. Safety management system.*

*''3204. Implementation of safety management system.*

*''3205. Certification.*

***''§3201. Definitions***

*''In this chapter—*

*''(1) 'International Safety Management Code' has the same meaning given that term in chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974;*

*''(2) 'responsible person' means—*

*''(A) the owner of a vessel to which this chapter applies; or*

*''(B) any other person that has—*

*''(i) assumed the responsibility for operation of a vessel to which this chapter applies from the owner; and*

*''(ii) agreed to assume with respect to the vessel responsibility for complying with all the requirements of this chapter and the regulations prescribed under this chapter.*

*''(3) 'vessel engaged on a foreign voyage' means a vessel to which this chapter applies—*

*''(A) arriving at a place under the jurisdiction of the United States from a place in a foreign country;*

*''(B) making a voyage between places outside the United States; or*

*''(C) departing from a place under the jurisdiction of the United States for a place in a foreign country.*

***''§3202. Application***

*''(a) MANDATORY APPLICATION.—This chapter applies to the following vessels engaged on a foreign voyage:*

*''(1) Beginning July 1, 1998—*

*''(A) a vessel transporting more than 12 passengers described in section 2101(21)(A) of this title; and*

*''(B) a tanker, bulk freight vessel, or high-speed freight vessel, of at least 500 gross tons.*

*''(2) Beginning July 1, 2002, a freight vessel and a mobile offshore drilling unit of at least 500 gross tons.*

*''(b) VOLUNTARY APPLICATION.—This chapter applies to a vessel not described in subsection (a) of this section if the owner of the vessel requests the Secretary to apply this chapter to the vessel.*

*''(c) EXCEPTION.—Except as provided in subsection (b) of this section, this chapter does not apply to—*

*''(1) a barge;*

*''(2) a recreational vessel not engaged in commercial service;*

*''(3) a fishing vessel;*

*''(4) a vessel operating on the Great Lakes or its tributary and connecting waters; or*

*''(5) a public vessel.*

***''§3203. Safety management system***

*''(a) IN GENERAL.—The Secretary shall prescribe regulations which establish a safety management system for responsible persons and vessels to which this chapter applies, including—*

*''(1) a safety and environmental protection policy;*

*''(2) instructions and procedures to ensure safe operation of those vessels and protection of the environment in compliance with international and United States law;*

*''(3) defined levels of authority and lines of communications between, and among, personnel on shore and on the vessel;*

*''(4) procedures for reporting accidents and nonconformities with this chapter;*

*''(5) procedures for preparing for and responding to emergency situations; and*

*''(6) procedures for internal audits and management reviews of the system.*

*''(b) COMPLIANCE WITH CODE.—Regulations prescribed under this section shall be consistent with the International Safety Management Code with respect to vessels engaged on a foreign voyage.*

***''§3204. Implementation of safety management system***

*''(a) SAFETY MANAGEMENT PLAN.—Each responsible person shall establish and submit to the Secretary for approval a safety management plan describing how that person and vessels of the person to which this chapter applies will comply with the regulations prescribed under section 3203(a) of this title.*

*''(b) APPROVAL.—Upon receipt of a safety management plan submitted under subsection (a), the Secretary shall review the plan and approve it if the Secretary determines that it is consistent with and will assist in implementing the safety management system established under section 3203.*

*''(c) PROHIBITION ON VESSEL OPERATION.—A vessel to which this chapter applies under section 3202(a) may not be operated without having on board a Safety Management Certificate and a copy of a Document of Compliance issued for the vessel under section 3205 of this title.*

***''§3205. Certification***

*''(a) ISSUANCE OF CERTIFICATE AND DOCUMENT.—After verifying that the responsible person for a vessel to which this chapter applies and the vessel comply with the applicable requirements under this chapter, the Secretary shall issue for the vessel, on request of the responsible person, a Safety Management Certificate and a Document of Compliance.*

*''(b) MAINTENANCE OF CERTIFICATE AND DOCUMENT.—A Safety Management Certificate and a Document of Compliance issued for a vessel under this section shall be maintained by the responsible person for the vessel as required by the Secretary.*

*''(c) VERIFICATION OF COMPLIANCE.—The Secretary shall—*

*''(1) periodically review whether a responsible person having a safety management plan approved under section 3204(b) and each vessel to which the plan applies is complying with the plan; and*

*''(2) revoke the Secretary's approval of the plan and each Safety Management Certificate and Document of Compliance issued to the person for a vessel to which the plan applies, if the Secretary determines that the person or a vessel to which the plan applies has not complied with the plan.*

*''(d) ENFORCEMENT.—At the request of the Secretary, the Secretary of the Treasury shall withhold or revoke the clearance required by section 4197 of the Revised Statutes (46 U.S.C. App. 91) of a vessel that is subject to this chapter under section 3202(a) of this title or to the International Safety Management Code, if the vessel does not have on board a Safety Management Certificate and a copy of a Document of Compliance for the vessel. Clearance may be granted on filing a bond or other surety satisfactory to the Secretary.''.*

*(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle II of title 46, United States Code, is amended by inserting after the item relating to chapter 31 the following:*

*''32. Management of vessels ..... 3201''.*

*(c) STUDY.—*

*(1) IN GENERAL.—The Secretary of the department in which the Coast Guard is operating shall conduct, in cooperation with the owners, charterers, and managing operators of vessels documented under chapter 121 of title 46, United States Code, and other interested persons, a study of the methods that may be used to implement and enforce the International Management Code for the Safe Operation of Ships and for Pollution Prevention under chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974.*

*(2) REPORT.—The Secretary shall submit to the Congress a report of the results of the study required under paragraph (1) before the earlier of—*

*(A) the date that final regulations are prescribed under section 3203 of title 46, United States Code (as enacted by subsection (a); or*

*(B) the date that is 1 year after the date of enactment of this Act.*

***SEC. 603. USE OF REPORTS, DOCUMENTS, RECORDS, AND EXAMINATIONS OF OTHER PERSONS.***

*(a) REPORTS, DOCUMENTS, AND RECORDS.—Chapter 31 of title 46, United States Code, is amended by adding the following new section:*

***''§3103. Use of reports, documents, and records***

*''The Secretary may rely, as evidence of compliance with this subtitle, on—*

*''(1) reports, documents, and records of other persons who have been determined by the Secretary to be reliable; and*

*''(2) other methods the Secretary has determined to be reliable.''.*

*(b) CLERICAL AMENDMENT.—The table of sections for chapter 31 of title 46, United States Code, is amended by adding at the end the following:*

*''3103. Use of reports, documents, and records.''.*

*(c) EXAMINATIONS.—Section 3308 of title 46, United States Code, is amended by inserting ''or have examined'' after ''examine''.*

***SEC. 604. EQUIPMENT APPROVAL.***

*(a) IN GENERAL.—Section 3306(b) of title 46, United States Code, is amended to read as follows:*

*''(b)(1) Equipment and material subject to regulation under this section may not be used on any vessel without prior approval of the Secretary.*

*''(2) Except with respect to use on a public vessel, the Secretary may treat an approval of equipment or materials by a foreign government as approval by the Secretary for purposes of paragraph (1) if the Secretary determines that—*

*''(A) the design standards and testing procedures used by that government meet the requirements of the International Convention for the Safety of Life at Sea, 1974;*

*''(B) the approval of the equipment or material by the foreign government will secure the safety of individuals and property on board vessels subject to inspection; and*

*''(C) for lifesaving equipment, the foreign government—*

*''(i) has given equivalent treatment to approvals of lifesaving equipment by the Secretary; and*

''(ii) otherwise ensures that lifesaving equipment approved by the Secretary may be used on vessels that are documented and subject to inspection under the laws of that country.''.

(b) FOREIGN APPROVALS.—The Secretary of Transportation, in consultation with other interested Federal agencies, shall work with foreign governments to have those governments approve the use of the same equipment and materials on vessels documented under the laws of those countries that the Secretary requires on United States documented vessels.

(c) TECHNICAL AMENDMENT.—Section 3306(a)(4) of title 46, United States Code, is amended by striking ''clauses (1)-(3)'' and inserting ''paragraphs (1), (2), and (3)''.

**SEC. 605. FREQUENCY OF INSPECTION.**

(a) FREQUENCY OF INSPECTION, GENERALLY.—Section 3307 of title 46, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking ''nautical school vessel'' and inserting '', nautical school vessel, and small passenger vessel allowed to carry more than 12 passengers on a foreign voyage''; and

(B) by adding ''and'' after the semicolon at the end;

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(3) in paragraph (2) (as so redesignated), by striking ''2 years'' and inserting ''5 years''.

(b) CONFORMING AMENDMENT.—Section 3710(b) of title 46, United States Code, is amended by striking ''24 months'' and inserting ''5 years''.

**SEC. 606. CERTIFICATE OF INSPECTION.**

Section 3309(c) of title 46, United States Code, is amended by striking ''(but not more than 60 days)''.

**SEC. 607. DELEGATION OF AUTHORITY OF SECRETARY TO CLASSIFICATION SOCIETIES.**

(a) AUTHORITY TO DELEGATE.—Section 3316 of title 46, United States Code, is amended—

(1) by striking subsections (a) and (d);

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively; and

(3) in subsection (b), as so redesignated, by—

(A) redesignating paragraph (2) as paragraph (3); and

(B) striking so much of the subsection as precedes paragraph (3), as so redesignated, and inserting the following:

''(b)(1) The Secretary may delegate to the American Bureau of Shipping or another classification society recognized by the Secretary as meeting acceptable standards for such a society, for a vessel documented or to be documented under chapter 121 of this title, the authority to—

''(A) review and approve plans required for issuing a certificate of inspection required by this part;

''(B) conduct inspections and examinations; and

''(C) issue a certificate of inspection required by this part and other related documents.

''(2) The Secretary may make a delegation under paragraph (1) to a foreign classification society only—

''(A) to the extent that the government of the foreign country in which the society is headquartered delegates authority and provides access to the American Bureau of Shipping to inspect, certify, and provide related services to vessels documented in that country; and

''(B) if the foreign classification society has offices and maintains records in the United States.''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 3316 of title 46, United States Code, is amended to read as follows:

**''§3316. Classification societies''.**

(2) The table of sections for chapter 33 of title 46, United States Code, is amended by striking the item relating to section 3316 and inserting the following:

''3316. Classification societies.''.

## TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS

**SEC. 701. AMENDMENT OF INLAND NAVIGATION RULES.**

Section 2 of the Inland Navigational Rules Act of 1980 is amended—

(1) by amending Rule 9(e)(i) (33 U.S.C. 2009(e)(i)) to read as follows:

''(i) In a narrow channel or fairway when overtaking, the power-driven vessel intending to overtake another power-driven vessel shall indicate her intention by sounding the appropriate signal prescribed in Rule 34(c) and take steps to permit safe passing. The power-driven vessel being overtaken, if in agreement, shall sound the same signal and may, if specifically agreed to take steps to permit safe passing. If in doubt she shall sound the danger signal prescribed in Rule 34(d).'';

(2) in Rule 15(b) (33 U.S.C. 2015(b)) by inserting ''power-driven'' after ''Secretary, a'';

(3) in Rule 23(a)(i) (33 U.S.C. 2023(a)(i)) after ''masthead light forward''; by striking ''except that a vessel of less than 20 meters in length need not exhibit this light forward of amidships but shall exhibit it as far forward as is practicable;'';

(4) by amending Rule 24(f) (33 U.S.C. 2024(f)) to read as follows:

''(f) Provided that any number of vessels being towed alongside or pushed in a group shall be lighted as one vessel, except as provided in paragraph (iii)—

''(i) a vessel being pushed ahead, not being part of a composite unit, shall exhibit at the forward end, sidelights and a special flashing light;

''(ii) a vessel being towed alongside shall exhibit a sternlight and at the forward end, sidelights and a special flashing light; and

''(iii) when vessels are towed alongside on both sides of the towing vessels a stern light shall be exhibited on the stern of the outboard vessel on each side of the towing vessel, and a single set of sidelights as far forward and as far outboard as is practicable, and a single special flashing light.'';

(5) in Rule 26 (33 U.S.C 2026)—

(A) in each of subsections (b)(i) and (c)(i) by striking ''a vessel of less than 20 meters in length may instead of this shape exhibit a basket;''; and

(B) by amending subsection (d) to read as follows:

''(d) The additional signals described in Annex II to these Rules apply to a vessel engaged in fishing in close proximity to other vessels engaged in fishing.''; and

(6) by amending Rule 34(h) (33 U.S.C. 2034) to read as follows:

''(h) A vessel that reaches agreement with another vessel in a head-on, crossing, or overtaking situation, as for example, by using the radiotelephone as prescribed by the Vessel Bridge-to-Bridge Radiotelephone Act (85 Stat. 164; 33 U.S.C. 1201 et seq.), is not obliged to sound the whistle signals prescribed by this rule, but may do so. If agreement is not reached, then whistle signals shall be exchanged in a timely manner and shall prevail.''.

**SEC. 702. MEASUREMENT OF VESSELS.**

Section 14104 of title 46, United States Code, is amended by redesignating the existing text after the section heading as subsection (a) and by adding at the end the following new subsection:

''(b) If a statute allows for an alternate tonnage to be prescribed under this section, the Secretary may prescribe it by regulation. Until an alternate tonnage is prescribed, the statutorily established tonnage shall apply to vessels measured under chapter 143 or chapter 145 of this title.''.

**SEC. 703. LONGSHORE AND HARBOR WORKERS COMPENSATION.**

Section 3(d)(3)(B) of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 903(d)(3)(B)) is amended by inserting after ''1,600 tons gross'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 704. RADIOTELEPHONE REQUIREMENTS.**

Section 4(a)(2) of the Vessel Bridge-to-Bridge Radiotelephone Act (33 U.S.C. 1203(a)(2)) is amended by inserting after ''one hundred gross tons'' the following ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

**SEC. 705. VESSEL OPERATING REQUIREMENTS.**

Section 4(a)(3) of the Ports and Waterways Safety Act (33 U.S.C. 1223(a)(3)) is amended by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 706. MERCHANT MARINE ACT, 1920.**

Section 27A of the Merchant Marine Act, 1920 (46 U.S.C. App. 883–1), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

**SEC. 707. MERCHANT MARINE ACT, 1956.**

Section 2 of the Act of June 14, 1956 (46 U.S.C. App. 883a), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 708. MARITIME EDUCATION AND TRAINING.**

Section 1302(4)(A) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295a(4)(a)) is amended by inserting after ''1,000 gross tons or more'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 709. GENERAL DEFINITIONS.**

Section 2101 of title 46, United States Code, is amended—

(1) in paragraph (13), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in paragraph (13a), by inserting after ''3,500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in paragraph (19), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in paragraph (22), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(5) in paragraph (30)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(6) in paragraph (32), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or

*an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(7) in paragraph (33), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(8) in paragraph (35), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(9) in paragraph (42), by inserting after ''100 gross tons'' each place it appears, the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 710. AUTHORITY TO EXEMPT CERTAIN VESSELS.***

*Section 2113 of title 46, United States Code, is amended—*

*(1) in paragraph (4), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(2) in paragraph (5), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 711. INSPECTION OF VESSELS.***

*Section 3302 of title 46, United States Code, is amended—*

*(1) in subsection (c)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in subsection (c)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(3) in subsection (c)(3), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(4) in subsection (c)(4)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(5) in subsection (d)(1), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(6) in subsection (i)(1)(A), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(7) in subsection (j), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 712. REGULATIONS.***

*Section 3306 of title 46, United States Code, is amended—*

*(1) in subsection (h), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(2) in subsection (i), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 713. PENALTIES—INSPECTION OF VESSELS.***

*Section 3318 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(2) in subsection (j)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 714. APPLICATION—TANK VESSELS.***

*Section 3702 of title 46, United States Code, is amended—*

*(1) in subsection (b)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in subsection (c), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(3) in subsection (d), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 715. TANK VESSEL CONSTRUCTION STANDARDS.***

*Section 3703a of title 46, United States Code, is amended—*

*(1) in subsection (b)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in subsection (c)(2), by inserting after ''5,000 gross tons'' each place it appears the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(3) in subsection (c)(3)(A), by inserting after ''15,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(4) in subsection (c)(3)(B), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(5) in subsection (c)(3)(C), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 716. TANKER MINIMUM STANDARDS.***

*Section 3707 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(2) in subsection (b), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 717. SELF-PROPELLED TANK VESSEL MINIMUM STANDARDS.***

*Section 3708 of title 46, United States Code, is amended by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 718. DEFINITION—ABANDONMENT OF BARGES.***

*Section 4701(1) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 719. APPLICATION—LOAD LINES.***

*Section 5102(b) of title 46, United States Code, is amended—*

*(1) in paragraph (4), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in paragraph (5), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(3) in paragraph (10), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 720. LICENSING OF INDIVIDUALS.***

*Section 7101(e)(3) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 721. ABLE SEAMEN—LIMITED.***

*Section 7308 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 722. ABLE SEAMEN—OFFSHORE SUPPLY VESSELS.***

*Section 7310 of title 46, United States Code, is amended by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 723. SCALE OF EMPLOYMENT—ABLE SEAMEN.***

*Section 7312 of title 46, United States Code, is amended—*

*(1) in subsection (b), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in subsection (c)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(3) in subsection (d), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(4) in subsection (f)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(5) in subsection (f)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 724. GENERAL REQUIREMENTS—ENGINE DEPARTMENT.***

*Section 7313(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 725. COMPLEMENT OF INSPECTED VESSELS.***

*Section 8101(h) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 726. WATCHMEN.***

*Section 8102(b) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 727. CITIZENSHIP AND NAVAL RESERVE REQUIREMENTS.***

*Section 8103(b)(3)(A) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 728. WATCHES.***

*Section 8104 of title 46, United States Code, is amended—*

*(1) in subsection (b), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in subsection (d), by inserting after ''100 gross tons'' and after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(3) in subsection (l)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(4) in subsection (m)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(5) in subsection (o)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(6) in subsection (o)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 729. MINIMUM NUMBER OF LICENSED INDIVIDUALS.***

*Section 8301 of title 46, United States Code, is amended—*

*(1) in subsection (a)(2), by inserting after ''1,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(2) in subsection (a)(3), by inserting after ''at least 200 gross tons but less than 1,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(3) in subsection (a)(4), by inserting after ''at least 100 gross tons but less than 200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';*

*(4) in subsection (a)(5), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(5) in subsection (b), by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 730. OFFICERS' COMPETENCY CERTIFICATES CONVENTION.***

*Section 8304(b)(4) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 731. MERCHANT MARINERS' DOCUMENTS REQUIRED.***

*Section 8701 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 732. CERTAIN CREW REQUIREMENTS.***

*Section 8702 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and*

*(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 733. FREIGHT VESSELS.***

*Section 8901 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 734. EXEMPTIONS.***

*Section 8905(b) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 735. UNITED STATES REGISTERED PILOT SERVICE.***

*Section 9303(a)(2) of title 46, United States Code, is amended by inserting after ''4,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 736. DEFINITIONS—MERCHANT SEAMEN PROTECTION.***

*Section 10101(4)(B) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 737. APPLICATION—FOREIGN AND INTERCOASTAL VOYAGES.***

*Section 10301(a)(2) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 738. APPLICATION—COASTWISE VOYAGES.***

*Section 10501(a) of title 46, United States Code, is amended by inserting after ''50 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 739. FISHING AGREEMENTS.***

*Section 10601(a)(1) of title 46, United States Code, is amended by inserting after ''20 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 740. ACCOMMODATIONS FOR SEAMEN.***

*Section 11101(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 741. MEDICINE CHESTS.***

*Section 11102(a) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 742. LOGBOOK AND ENTRY REQUIREMENTS.***

*Section 11301(a)(2) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 743. COASTWISE ENDORSEMENTS.***

*Section 12106(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured*

*under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 744. FISHERY ENDORSEMENTS.***

*Section 12108(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.*

***SEC. 745. CONVENTION TONNAGE FOR LICENSES, CERTIFICATES, AND DOCUMENTS.***

*(a) AUTHORITY TO USE CONVENTION TONNAGE.—Chapter 75 of title 46, United States Code, is amended by adding at the end the following:*

***''§ 7506. Convention tonnage for licenses, certificates, and documents***

*''Notwithstanding any provision of section 14302(c) or 14305 of this title, the Secretary may—*

*''(1) evaluate the service of an individual who is applying for a license, a certificate of registry, or a merchant mariner's document by using the tonnage as measured under chapter 143 of this title for the vessels on which that service was acquired, and*

*''(2) issue the license, certificate, or document based on that service.''.*

*(b) CLERICAL AMENDMENT.—The analysis to chapter 75 of title 46, United States Code, is amended by adding a new item as follows:*

*''7506. Convention tonnage for licenses, certificates, and documents.''.*

***SECTION 1. SHORT TITLE.***

*This Act may be cited as the ''Coast Guard Authorization Act of 1995''.*

***SEC. 2. TABLE OF CONTENTS.***

*The table of contents for this Act is as follows:*


*TITLE I—AUTHORIZATION*

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*Sec. 801. Prevention of pollution from ships.*
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*TITLE IX—LAW ENFORCEMENT ENHANCEMENT*

*Sec. 901. Sanctions for failure to land or to bring to; sanctions for obstruction of boarding and providing false information.*
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*TITLE X—CONVEYANCES*

*Sec. 1001. Conveyance of property in Massachusetts.*
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*Sec. 1007. Conveyance of property in Traverse City, Michigan.*
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*Sec. 1116. Relief from U.S. documentation requirements.*


## *TITLE I—AUTHORIZATION*

***SEC. 101. AUTHORIZATION OF APPROPRIATIONS.***

*(a) FISCAL YEAR 1995.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1995, as follows:*

*(1) For the operation and maintenance of the Coast Guard, $2,630,505,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $439,200,000, to remain available until expended, of which—*

*(A) $32,500,000 shall be derived from the Oil Spill Liability Trust Fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990; and*

*(B) $880,000 is authorized to carry out design and engineering work on the John F. Limehouse Memorial Bridge.*

*(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection,*

*enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $20,310,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $562,585,000.*

*(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $12,880,000, to remain available until expended, which may be made available under section 104(e) of title 49, United States Code.*

*(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.*

*(b) FISCAL YEAR 1996.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1996, as follows:*

*(1) For the operation and maintenance of the Coast Guard, $2,618,316,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $428,200,000, to remain available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.*

*(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $22,500,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.*

*(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $582,022,000.*

*(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $16,200,000, to remain available until expended, of which up to $14,200,000 may be made available under section 104(e) of title 49, United States Code.*

*(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.*

*(c) AMOUNTS FROM THE DISCRETIONARY BRIDGE PROGRAM.—Section 104 of title 49, United States Code, is amended by adding at the end thereof the following:*

*''(e) Notwithstanding the provisions of sections 101(d) and 144 of title 23, highway bridges determined to be unreasonable obstructions to navigation under the Truman-Hobbs Act may be funded from amounts set aside from the discretionary bridge program. The Secretary shall transfer these allocations and the responsibility for administration of these funds to the United States Coast Guard.''.*

***SEC. 102. AUTHORIZED LEVELS OF MILITARY STRENGTH AND TRAINING.***

*(a) AUTHORIZED MILITARY STRENGTH LEVEL.—The Coast Guard is authorized an end-of-year strength for active duty personnel of—*

*(1) 39,000 as of September 30, 1995.*

*(2) 38,400 as of September 30, 1996.*

*The authorized strength does not include members of the Ready Reserve called to active duty for special or emergency augmentation of regular Coast Guard forces for periods of 180 days or less.*

*(b) AUTHORIZED LEVEL OF MILITARY TRAINING.—The Coast Guard is authorized average military training student loads as follows:*

*(1) For recruit and special training—*

*(A) 2,000 student years for fiscal year 1995; and*

*(B) 1,604 student years for fiscal year 1996.*

*(2) For flight training—*

*(A) 133 student years for fiscal year 1995; and*

*(B) 85 student years for fiscal year 1996.*

*(3) For professional training in military and civilian institutions—*

*(A) 344 student years for fiscal year 1995; and*

*(B) 330 student years for fiscal year 1996.*

*(4) For officer acquisition—*

*(A) 955 student years for fiscal year 1995; and*

*(B) 874 student years for fiscal year 1996.*

## *TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT*

***SEC. 201. PROVISION OF CHILD DEVELOPMENT SERVICES.***

*(a) IN GENERAL.—Title 14, United States Code, is amended by inserting after section 514 the following new section:*

***''§ 515. Child development services***

*''(a) The Commandant may make child development services available for members and civilian employees of the Coast Guard, and thereafter as space is available for members of the Armed Forces and Federal civilian employees. Child development service benefits provided under the authority of this section shall be in addition to benefits provided under other laws.*

*''(b)(1) Except as provided in paragraph (2), the Commandant may require that amounts received as fees for the provision of services under this section at Coast Guard child development centers be used only for compensation of employees at those centers who are directly involved in providing child care.*

*''(2) If the Commandant determines that compliance with the limitation in paragraph (1) would result in an uneconomical and inefficient use of such fee receipts, the Commandant may (to the extent that such compliance would be uneconomical and inefficient) use such receipts—*

*''(A) for the purchase of consumable or disposable items for Coast Guard child development centers; and*

*''(B) if the requirements of such centers for consumable or disposable items for a given fiscal year have been met, for other expenses of those centers.*

*''(c) The Commandant shall provide for regular and unannounced inspections of each child development center under this section and may use Department of Defense or other training programs to ensure that all child development center employees under this section meet minimum standards of training with respect to early childhood development, activities and disciplinary techniques appropriate to children of different ages, child abuse prevention and detection,and appropriate emergency medical procedures.*

*''(d) Of the amounts available to the Coast Guard each fiscal year for operating expenses (and in addition to amounts received as fees), the Secretary may use for child development services under this section an amount not to exceed the total amount the Commandant estimates will be received by the Coast Guard in the fiscal year as fees for the provision of those services.*

*''(e) The Commandant may use appropriated funds available to the Coast Guard to provide assistance to family home day care providers so that family home day care services can be provided to uniformed service members and civilian employees of the Coast Guard at a cost comparable to the cost of services provided by Coast Guard child development centers.*

*''(f) The Secretary shall promulgate regulations to implement this section. The regulations shall establish fees to be charged for child development services provided under this section which take into consideration total family income.*

*''(g) For purposes of this section, the term 'child development center' does not include a child care services facility for which space is allotted under section 616 of the Act of December 22, 1987 (40 U.S.C. 490b).''.*

*(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 13 of title 14, United States Code, is amended by inserting after the item related to section 514 the following:*

*''515. Child development services.''.*

***SEC. 202. HURRICANE ANDREW RELIEF.***

*Section 2856 of the National Defense Authorization Act for Fiscal Year 1993 (Pub. L. 102–484) applies to the military personnel of the Coast Guard who were assigned to, or employed at or in connection with, any Federal facility or installation in the vicinity of Homestead Air Force Base, Florida, including the areas of Broward, Collier, Dade, and Monroe Counties, on or before August 24, 1992, except that funds available to the Coast Guard, not to exceed $25,000, shall be used. The Secretary of Transportation shall administer the provisions of section 2856 for the Coast Guard.*

***SEC. 203. DISSEMINATION OF RESULTS OF 0–6 CONTINUATION BOARDS.***

*Section 289(f) of title 14, United States Code, is amended by striking ''Upon approval by the President, the names of the officers selected for continuation on active duty by the board shall be promptly disseminated to the service at large.''.*

***SEC. 204. EXCLUDE CERTAIN RESERVES FROM END-OF-YEAR STRENGTH.***

*Section 712 of title 14, United States Code, is amended by adding at the end the following new subsection:*

*''(d) Members ordered to active duty under this section shall not be counted in computing authorized strength in members on active duty or members in grade under this title or under any other law.''.*

***SEC. 205. OFFICER RETENTION UNTIL RETIREMENT ELIGIBLE.***

*Section 283(b) of title 14, United States Code, is amended—*

*(1) by inserting ''(1)'' after ''(b)'';*

*(2) by striking the last sentence; and*

*(3) by adding at the end the following:*

*''(2) Upon the completion of a term under paragraph (1), an officer shall, unless selected for further continuation—*

*''(A) except as provided in subparagraph (B), be honorably discharged with severance pay computed under section 286 of this title;*

*''(B) in the case of an officer who has completed at least 18 years of active service on the date of discharge under subparagraph (A), be retained on active duty and retired on the last day of the month in which the officer completes 20 years of active service, unless earlier removed under another provision of law; or*

*''(C) if, on the date specified for the officer's discharge under this section, the officer has completed at least 20 years of active service or is eligible for retirement under any law, be retired on that date.''.*

***SEC. 206. CONTRACTS FOR HEALTH CARE SERVICES.***

*(a) Chapter 17 of title 14, United States Code, is amended by inserting after section 644 the following new section:*

***"§ 644a. Contracts for health care services***

*''(a) Subject to the availability of appropriations for this purpose; the Commandant may enter into personal services and other contracts to carry out health care responsibilities pursuant to section 93 of this title and other applicable provisions of law pertaining to the provision of health care services to Coast Guard personnel and covered beneficiaries. The authority provided in this subsection is in addition to any other contract authorities of the Commandant provided by law or as delegated to the Commandant from time to time by the Secretary, including but not limited to authority relating to the management of health care facilities and furnishing of health care services pursuant to title 10 and this title.*

*''(b) The total amount of compensation paid to an individual in any year under a personal services contract entered into under subsection (a) shall not exceed the amount of annual compensation (excluding allowances for expenses) allowable for such contracts entered into by the Secretary of Defense pursuant to section 1091 of title 10.*

*''(c)(1) The Secretary shall promulgate regulations to assure—*

*''(A) the provision of adequate notice of contract opportunities to individuals residing in the area of a medical treatment facility involved; and*

*''(B) consideration of interested individuals solely on the basis of the qualifications established for the contract and the proposed contract price.*

*''(2) Upon establishment of the procedures under paragraph (1), the Secretary may exempt personal services contracts covered by this section from the competitive contracting requirements specified in section 2304 of title 10, or any other similar requirements of law.*

*''(d) The procedures and exemptions provided under subsection (c) shall not apply to personal services contracts entered into under subsection (a) with entities other than individuals or to any contract that is not an authorized personal services contract under subsection (a).''.*

*(b) The table of sections for chapter 17 of title 14, United States Code, is amended by inserting after the item relating to section 644 the following:*

*''644a. Contracts for health care services.''.*

*(c) The amendments made by this section shall take effect on the date of enactment of this Act. Any personal services contract entered into on behalf of the Coast Guard in reliance upon the authority of section 1091 of title 10 before that date is confirmed and ratified and shall remain in effect in accordance with the terms of the contract.*

***SEC. 207. RECRUITING.***

*(a) CAMPUS RECRUITING.—Section 558 of the National Defense Authorization Act for Fiscal Year 1995 (108 Stat. 2776) is amended—*

*(1) by inserting ''or the Department of Transportation'' in subsection (a)(1) after ''the Department of Defense'';*

*(2) by inserting ''or the Secretary of Transportation'' after ''the Secretary of Defense'' in subsection (a)(1); and*

*(3) by inserting ''and the Secretary of Transportation'' after ''the Secretary of Education'' in subsection (b).*

*(b) FUNDS FOR RECRUITING.—The text of section 468 of title 14, United States Code, is amended to read as follows:*

*''The Coast Guard may expend operating expense funds for recruiting activities, including but not limited to advertising and entertainment, in order to—*

*''(1) obtain recruits for the Service and cadet applicants; and*

*''(2) gain support of recruiting objectives from those who may assist in the recruiting effort.''.*

*(c) SPECIAL RECRUITING AUTHORITY.—Section 93 of title 14, United States Code, is amended*

*(1) by striking ''and'' at the end of paragraph (t);*

*(2) by striking the period at the end of paragraph (u) and inserting a semicolon and the word ''and''; and*

*(3) by adding at the end the following:*

*''(v) employ special recruiting programs, including, subject to appropriations Acts, the provision of financial assistance by grant, cooperative agreement, or contract to public or private associations, organizations, and individuals (including academic scholarships for individuals), to meet identified personnel resource requirements.''.*

***TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT***

***SEC. 301. INCREASED PENALTIES FOR DOCUMENTATION VIOLATIONS.***

*(a) CIVIL PENALTY.— Section 12122(a) of title 46, United States Code, is amended by striking ''$500'' and inserting ''$10,000.''*

*(b) SEIZURE AND FORFEITURE.—*

*(1) IN GENERAL.— Section 12122(b) of title 46, United States Code, is amended to read as follows:*

*''(b) A vessel and its equipment are liable to seizure by and forfeiture to the United States Government —*

*''(1) when the owner of a vessel or the representative or agent of the owner knowingly falsifies or conceals a material fact, or knowingly makes a false statement or representation about the documentation or when applying for documentation of the vessel;*

*''(2) when a certificate of documentation is knowingly and fraudulently used for a vessel;*

*''(3) when a vessel is operated after its endorsement has been denied or revoked under section 12123 of this title;*

*''(4) when a vessel is employed in a trade without an appropriate trade endorsement;*

*''(5) when a documented vessel with only a recreational endorsement is operated other than for pleasure; or*

*''(6) when a documented vessel, other than a vessel with only a recreational endorsement operating within the territorial waters of the United States, is placed under the command of a person not a citizen of the United States.''.*

*(2) CONFORMING AMENDMENT.—Section 12122(c) of title 46, United States Code, is repealed.*

*(c) LIMITATION ON OPERATION OF VESSEL WITH ONLY RECREATIONAL ENDORSEMENT.—Section 12110(c) of title 46, United States Code, is amended to read as follows:*

*''(c) A vessel with only a recreational endorsement may not be operated other than for pleasure.''.*

*(d) TERMINATION OF RESTRICTION ON COMMAND OF RECREATIONAL VESSELS.—*

*(1) TERMINATION OF RESTRICTION.—Subsection (d) of section 12110 of title 46, United States Code, is amended by inserting '', other than a vessel with only a recreational endorsement operating within the territorial waters of the United States,'' after ''A documented vessel''; and*

*(2) CONFORMING AMENDMENT.—Section 12111(a)(2) of title 46, United States Code, is amended by inserting before the period the following: ''in violation of section 12110(d) of this title''.*

***SEC. 302. CLERICAL AMENDMENT.***

*Chapter 121 of title 46, United States Code, is amended—*

*(1) by striking the first section 12123; and*

*(2) in the table of sections at the beginning of the chapter by striking the first item relating to section 12123.*

***SEC. 303. MARITIME DRUG AND ALCOHOL TESTING PROGRAM CIVIL PENALTY.***

*(a) IN GENERAL.—Chapter 21 of title 46, United States Code, is amended by adding at the end a new section 2115 to read as follows:*

***"§ 2115. Civil penalty to enforce alcohol and dangerous drug testing***

*''Any person who fails to implement or conduct, or who otherwise fails to comply with the requirements prescribed by the Secretary for, chemical testing for dangerous drugs or for evidence of alcohol use, as prescribed under this subtitle or a regulation prescribed by the Secretary to carry out the provisions of this subtitle, is liable to the United States Government for a civil penalty of not more than $1,000 for each violation. Each day of a continuing violation shall constitute a separate violation.''.*

*(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 21 of title 46, United States Code, is amended by inserting after the item relating to section 2114 the following:*

*''2115. Civil penalty to enforce alcohol and dangerous drug testing.''*

***SEC. 304. RENEWAL OF ADVISORY GROUPS.***

*(a) NAVIGATION SAFETY ADVISORY COUNCIL.—Section 5(d) of the Inland Navigational Rules Act of 1980 (33 U.S.C. 2073) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.*

*(b) COMMERCIAL FISHING INDUSTRY VESSEL ADVISORY COMMITTEE.—Subsection (e)(1) of section 4508 of title 46, United States Code, is amended by striking ''September 30, 1994'' and inserting ''September 30, 2000''.*

*(c) TOWING SAFETY ADVISORY COMMITTEE.—Subsection (e) of the Act to Establish A Towing Safety Advisory Committee in the Department of Transportation (33 U.S.C. 1231a(e)) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.*

*(d) HOUSTON-GALVESTON NAVIGATION SAFETY ADVISORY COMMITTEE.—The Coast Guard Authorization Act of 1991 (Public Law 102–241, 105 Stat. 2208–2235) is amended by adding at the end of section 18 the following:*

*''(h) The Committee shall terminate on September 30, 2000.''.*

*(e) LOWER MISSISSIPPI RIVER WATERWAY ADVISORY COMMITTEE.—The Coast Guard Authorization Act of 1991 (Public Law 102–241, 105 Stat. 2208–2235) is amended by adding at the end of section 19 the following:*

*''(g) The Committee shall terminate on September 30, 2000.''.*

***SEC. 305. ELECTRONIC FILING OF COMMERCIAL INSTRUMENTS.***

*Section 31321(a) of title 46, United States Code, is amended by adding at the end the following new paragraph:*

*''(4)(A) A bill of sale, conveyance, mortgage, assignment, or related instrument may be filed electronically under regulations prescribed by the Secretary.*

*''(B) A filing made electronically under subparagraph (A) shall not be effective after the 10-day period beginning on the date of the filing unless the original instrument is provided to the Secretary within that 10-day period.''.*

***SEC. 306. CIVIL PENALTIES.***

*(a) PENALTY FOR FAILURE TO REPORT A CASUALTY.—Section 6103(a) of title 46, United States Code is amended by striking ''$1,000'' and inserting ''not more than $25,000''.*

*(b) OPERATION OF UNINSPECTED TOWING VESSEL IN VIOLATION OF MANNING REQUIREMENTS.—Section 8906 of title 46, United States Code, is amended by striking ''$1,000'' and inserting ''not more than $25,000''.*

***SEC. 307. AMENDMENT TO REQUIRE EPIRBS ON THE GREAT LAKES.***

*Paragraph (7) of section 4502(a) of title 46, United States Code, is amended by inserting ''or beyond three nautical miles from the coastline of the Great Lakes'' after ''high seas''.*

***SEC. 308. REPORT ON LORAN-C REQUIREMENTS.***

*Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation, in cooperation with the Secretary of Commerce, shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a plan prepared in consultation with users*

*of the LORAN-C radionavigation system defining the future use of and funding for operations, maintenance, and upgrades of the LORAN-C radionavigation system. The plan shall provide for—*

*(1) mechanisms to make full use of compatible satellite and LORAN-C technology by all modes of transportation, the telecommunications industry, and the National Weather Service;*

*(2) an appropriate timetable for transition from ground-based radionavigation technology after it is determined that satellite-based technology is available as a sole means of safe and efficient navigation and taking into consideration the need to ensure that LORAN-C technology purchased by the public before the year 2000 has a useful economic life; and*

*(3) agencies in the Department of Transportation and other relevant Federal agencies to share the Federal government's costs related to LORAN-C technology.*

***SEC. 309. RESTRICTIONS ON CLOSURE OF SMALL BOAT STATIONS.***

*(a) CERTIFICATION.—The Secretary of Transportation shall not close, consolidate, or reduce to seasonal status any Coast Guard multi-mission small boat station unless the Secretary has certified that such action will not result in degradation of services that would cause significant increased threat to life, property, environment, public safety or national security. The certification shall include—*

*(1) a description of regional or local weather and marine conditions that could affect the need for Coast Guard Services including water temperature, prevailing weather conditions, and unusual tide and current conditions;*

*(2) an evaluation of the level and type of waterborne activities, including activities involving recreational boaters, commercial vessels, and commercial fishermen which was considered in reaching the conclusion that such action will not result in degradation of services that would cause a significant increased threat to life, property, environment, public safety, or national security;*

*(3) a detailed comparison of the services provided within the service area and the services to be provided after such action, including but not limited to services related to search and rescue, recreational boating safety, enforcement of laws and treaties, marine environmental safety, port safety and security, aids to navigation, and military readiness; and*

*(4) a transition plan, developed in consultation with State and local officials and members of the public for the areas affected by the closure to ensure that the Coast Guard service needs of the area, and the two-hour standard of the Coast Guard for responding to search and rescue requests, continue to be met.*

*(b) PUBLIC REVIEW.—Each certification decision shall be preceded by—*

*(1) publication in the Federal Register of a proposed certification; and*

*(2) a 60-day period after such publication during which the public may provide comments to the Secretary on the proposed certification.*

*(c) FINAL DECISION.—If after consideration of the public comment received under subsection (b) the Secretary decides to close, consolidate, or reduce to seasonal status any such small-boat station, the Secretary shall publish a final certification in the Federal Register and submit the certification to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.*

***SEC. 310. PENALTY FOR ALTERATION OF MARINE SAFETY EQUIPMENT.***

*Section 3318(b) of title 46, United States Code, is amended—*

*(1) by inserting ''(1)'' before ''A person''; and*

*(2) by adding at the end thereof the following:*

*''(2) A person that knowingly alters lifesaving, fire safety, or any other equipment subject to this part, so that the equipment altered is so defective as to be insufficient to accomplish the purpose for which it is intended, commits a class D felony.''.*

***SEC. 311. PROHIBITION ON OVERHAUL, REPAIR, AND MAINTENANCE OF COAST GUARD VESSELS IN FOREIGN SHIPYARDS.***

*(a) PROHIBITION.—Chapter 5 of title 14, United States Code, is amended by adding at the end the following:*

***''§96. Prohibition on overhaul, repair, and maintenance of Coast Guard vessels in foreign shipyards***

*''A Coast Guard vessel may not be overhauled, repaired, or maintained in any shipyard located outside the United States, except that this section does not apply to emergency repairs.''.*

*(b) CLERICAL AMENDMENT.—The chapter analysis for chapter 5 of title 14, United States Code, is amended by adding at the end the following:*

*''96. Prohibition on overhaul, repair, and maintenance of Coast Guard vessels in foreign shipyards.''.*

## *TITLE IV—COAST GUARD AUXILIARY*

***SEC. 401. ADMINISTRATION OF THE COAST GUARD AUXILIARY.***

*(a) Section 821, title 14, United States Code, is amended to read as follows:*

*''(a) The Coast Guard Auxiliary is a nonmilitary organization administered by the Commandant under the direction of the Secretary. For command, control, and administrative purposes, the Auxiliary shall include such organizational elements and units as are approved by the Commandant, including but not limited to, a national board and staff (Auxiliary headquarters unit), districts, regions, divisions, flotillas, and other organizational elements and units. The Auxiliary organization and its officers shall have such rights, privileges, powers, and duties as may be granted to them by the Commandant, consistent with this title and other applicable provisions of law. The Commandant may delegate to officers of the Auxiliary the authority vested in the Commandant by this section, in the manner and to the extent the Commandant considers necessary or appropriate for the functioning, organization, and internal administration of the Auxiliary.*

*''(b) Each organizational element or unit of the Coast Guard Auxiliary organization (but excluding any corporation formed by an organizational element or unit of the Auxiliary under subsection (c) of this section), shall, except when acting outside the scope of section 822, at all times be deemed to be an instrumentality of the United States, for purposes of the Federal Tort Claims Act (28 U.S.C. 2671, et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781–790), the Suits in Admiralty Act (46 U.S.C. App. 741–752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes.*

*''(c) The national board of the Auxiliary, and any Auxiliary district or region, may form a corporation under State law, provided that the formation of such a corporation is in accordance with policies established by the Commandant.''.*

*(b) The section heading for section 821 of title 14, United States Code, is amended after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.*

*(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 821, after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.*

***SEC. 402. PURPOSE OF THE COAST GUARD AUXILIARY.***

*(a) Section 822 of title 14, United States Code, is amended by striking the entire text and inserting:*

*''The purpose of the Auxiliary is to assist the Coast Guard, as authorized by the Commandant, in performing any Coast Guard function, power, duty, role, mission, or operation authorized by law.''.*

*(b) The section heading for section 822 of title 14, United States Code, is amended after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.*

*(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 822, after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.*

***SEC. 403. MEMBERS OF THE AUXILIARY; STATUS.***

*(a) Title 14, United States Code, is amended by inserting after section 823 the following new section:*

***''§823a. Members of the Auxiliary; status***

*''(a) Except as otherwise provided in this chapter, a member of the Coast Guard Auxiliary shall not be deemed to be a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, Federal employee benefits, ethics, conflicts of interest, and other similar criminal or civil statutes and regulations governing the conduct of Federal employees. However, nothing in this subsection shall constrain the Commandant from prescribing standards for the conduct and behavior of members of the Auxiliary.*

*''(b) A member of the Auxiliary while assigned to duty shall be deemed to be a Federal employee only for the purposes of the following:*

*''(1) the Federal Tort Claims Act (28 U.S.C. 2671 et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781–790), the Suits in Admiralty Act (46 U.S.C. App. 741–752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes;*

*''(2) compensation for work injuries under chapter 81 of title 5, United States Code; and*

*''(3) the resolution of claims relating to damage to or loss of personal property of the member incident to service under the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 3721).*

*''(c) A member of the Auxiliary, while assigned to duty, shall be deemed to be a person acting under an officer of the United States or an agency thereof for purposes of section 1442(a)(1) of title 28, United States Code.''.*

*(b) The table of sections for chapter 23 of title 14, United States Code, is amended by inserting the following new item after the item relating to section 823:*

*''823a. Members of the Auxiliary; status.''.*

***SEC. 404. ASSIGNMENT AND PERFORMANCE OF DUTIES.***

*Title 14, United States Code, is amended by striking ''specific'' each place it appears in sections 830, 831, and 832.*

***SEC. 405. COOPERATION WITH OTHER AGENCIES, STATES, TERRITORIES, AND POLITICAL SUBDIVISIONS.***

*(a) Section 141 of title 14, United States Code, is amended —*

*(1) by striking ''General'' in the section caption and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions'';*

*(2) by inserting ''(which include members of the Auxiliary and facilities governed under chapter 23)'' after ''personnel and facilities'' in the first sentence of subsection (a); and*

*(3) by adding at the end of subsection (a) the following: ''The Commandant may prescribe conditions, including reimbursement, under which personnel and facilities may be provided under this subsection.''.*

*(b) The table of sections for chapter 7 of title 14, United States Code, is amended by striking ''General'' in the item relating to section 141 and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions.''.*

***SEC. 406. VESSEL DEEMED PUBLIC VESSEL.***

*The text of section 827 of title 14, United States Code, is amended to read as follows:*

''While assigned to authorized Coast Guard duty, any motorboat or yacht shall be deemed to be a public vessel of the United States and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law.''.

**SEC. 407. AIRCRAFT DEEMED PUBLIC AIRCRAFT.**

The text of section 828 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any aircraft shall be deemed to be a Coast Guard aircraft, a public vessel of the United States, and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law. Subject to the provisions of sections 823a and 831 of this title, while assigned to duty, qualified Auxiliary pilots shall be deemed to be Coast Guard pilots.''.

**SEC. 408. DISPOSAL OF CERTAIN MATERIAL.**

Section 641(a) of title 14, United States Code, is amended—

(1) by inserting ''to the Coast Guard Auxiliary, including any incorporated unit thereof,'' after ''with or without charge,''; and

(2) by striking ''to any incorporated unit of the Coast Guard Auxiliary,'' after ''America,''.

## TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT

**SEC. 501. STATE RECREATIONAL BOATING SAFETY GRANTS.**

(a) TRANSFER OF AMOUNTS FOR STATE BOATING SAFETY PROGRAMS.—

(1) TRANSFERS.—Section 4(b) of the Act of August 9, 1950 (16 U.S.C. 777c(b); commonly referred to as the ''Dingell-Johnson Sport Fish Restoration Act'') is amended to read as follows:

''(b)(1) Of the balance of each annual appropriation remaining after making the distribution under subsection (a), an amount equal to $15,000,000 for fiscal year 1995, $40,000,000 for fiscal year 1996, $55,000,000 for fiscal year 1997, and $69,000,000 for each of fiscal years 1998 and 1999, shall, subject to paragraph (2), be used as follows:

''(A) A sum equal to $7,500,000 of the amount available for fiscal year 1995, and a sum equal to $10,000,000 of the amount available for each of fiscal years 1996 and 1997, shall be available for use by the Secretary of the Interior for grants under section 5604(c) of the Clean Vessel Act of 1992. Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(B) A sum equal to $7,500,000 of the amount available for fiscal year 1995, $30,000,000 of the amount available for fiscal year 1996, $45,000,000 of the amount available for fiscal year 1997, and $59,000,000 of the amount available for each of fiscal years 1998 and 1999, shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for recreational boating safety programs under section 13106 of title 46, United States Code.

''(C) A sum equal to $10,000,000 of the amount available for each of fiscal years 1998 and 1999 shall be available for use by the Secretary of the Interior for—

''(i) grants under section 502(e) of the Coast Guard Authorization Act of 1995; and

''(ii) grants under section 5604(c) of the Clean Vessel Act of 1992.

Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(2)(A) Beginning with fiscal year 1996, the amount transferred under paragraph (1)(B) for a fiscal year shall be reduced by the lesser of—

''(i) the amount appropriated for that fiscal year from the Boat Safety Account in the Aquatic Resources Trust Fund established under section 9504 of the Internal Revenue Code of 1986 to carry out the purposes of section 13106 of title 46, United States Code; or

''(ii) $35,000,000.

''(iii) for fiscal year 1996 only, $30,000,000.

''(B) The amount of any reduction under subparagraph (A) shall be apportioned among the several States under subsection (d) of this section by the Secretary of the Interior.''.

(2) CONFORMING AMENDMENT.—Section 5604(c)(1) of the Clean Vessel Act of 1992 (33 U.S.C. 1322 note) is amended by striking ''section 4(b)(2) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(2), as amended by this Act)'' and inserting ''section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1))''.

(b) EXPENDITURE OF AMOUNTS FOR STATE RECREATIONAL BOATING SAFETY PROGRAMS.—Section 13106 of title 46, United States Code, is amended—

(1) by striking the first sentence of subsection (a)(1) and inserting the following: ''Subject to paragraph (2), the Secretary shall expend under contracts with States under this chapter in each fiscal year for State recreational boating safety programs an amount equal to the sum of the amount appropriated from the Boat Safety Account for that fiscal year plus the amount transferred to the Secretary under section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1)) for that fiscal year.''; and

(2) by amending subsection (c) to read as follows:

''(c) For expenditure under this chapter for State recreational boating safety programs there are authorized to be appropriated to the Secretary of Transportation from the Boat Safety Account established under section 9504 of the Internal Revenue Code of 1986 (26 U.S.C. 9504) not more than $35,000,000 each fiscal year.''.

(c) EXCESS FY 1995 BOAT SAFETY ACCOUNT FUNDS TRANSFER.—Notwithstanding any other provision of law, $20,000,000 of the annual appropriation from the Sport Fish Restoration Account in fiscal year 1996 made in accordance with the provisions of section 3 of the Act of August 9, 1950 (16 U.S.C. 777b) shall be excluded from the calculation of amounts to be distributed under section 4(a) of such Act (16 U.S.C. 777c(a)).

**SEC. 502. BOATING ACCESS.**

(a) FINDINGS.—The Congress makes the following findings:

(1) Nontrailerable recreational motorboats contribute 15 percent of the gasoline taxes deposited in the Aquatic Resources Trust Fund while constituting less than 5 percent of the recreational vessels in the United States.

(2) The majority of recreational vessel access facilities constructed with Aquatic Resources Trust Fund moneys benefit trailerable recreational vessels.

(3) More Aquatic Resources Trust Fund moneys should be spent on recreational vessel access facilities that benefit recreational vessels that are nontrailerable vessels.

(b) PURPOSE.—The purpose of this section is to provide funds to States for the development of public facilities for transient nontrailerable vessels.

(c) SURVEY.—Within 18 months after the date of the enactment of this Act, any State may complete and submit to the Secretary of the Interior a survey which identifies—

(1) the number and location in the State of all public facilities for transient nontrailerable vessels; and

(2) the number and areas of operation in the State of all nontrailerable vessels that operate on navigable waters in the State.

(d) PLAN.—Within 6 months after submitting a survey to the Secretary of the Interior in accordance with subsection (c), an eligible State may develop and submit to the Secretary of the Interior a plan for the construction and renovation of public facilities for transient nontrailerable vessels to meet the needs of nontrailerable vessels operating on navigable waters in the State.

(e) GRANT PROGRAM.—

(1) MATCHING GRANTS.—The Secretary of the Interior shall obligate not less than one-half of the amount made available for each of fiscal years 1998 and 1999 under section 4(b)(1)(C) of the Act of August 9, 1950, as amended by section 501(a)(1) of this Act, to make grants to any eligible State to pay not more than 75 percent of the cost of constructing or renovating public facilities for transient nontrailerable vessels.

(2) PRIORITY.—

(A) IN GENERAL.—In awarding grants under this subsection, the Secretary of the Interior shall give priority to projects that consist of the construction or renovation of public facilities for transient nontrailerable vessels in accordance with a plan submitted by a State submitted under subsection (b).

(B) WITHIN STATE.—In awarding grants under this subsection for projects in a particular State, the Secretary of the Interior shall give priority to projects that are likely to serve the greatest number of nontrailerable vessels.

(f) DEFINITIONS.—For the purpose of this section and section 501 of this Act the term—

(1) ''Act of August 9, 1950'' means the Act entitled ''An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes'', approved August 9, 1950 (16 U.S.C. 777a et seq.);

(2) ''nontrailerable vessel'' means a recreational vessel greater than 26 feet in length;

(3) ''public facilities for transient nontrailerable vessels'' means mooring buoys, day-docks, seasonal slips or similar structures located on navigable waters, that are available to the general public and designed for temporary use by nontrailerable vessels;

(4) ''recreational vessel'' means a vessel—

(A) operated primarily for pleasure; or

(B) leased, rented, or chartered to another for the latter's pleasure; and

(5) ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Marianas.

**SEC. 503. PERSONAL FLOTATION DEVICES REQUIRED FOR CHILDREN.**

(a) PROHIBITION.—Section 4307(a) of title 46, United States Code, is amended—

(1) by striking ''or'' after the semicolon in paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting a semicolon and ''or''; and

(3) by adding at the end the following:

''(4) operate a recreational vessel under 26 feet in length unless each individual 6 years of age or younger wears a Coast Guard approved personal flotation device when the individual is on an open deck of the vessel.''.

(b) STATE AUTHORITY PRESERVED.—Section 4307 of title 46, United States Code, is amended by adding at the end thereof the following:

''(c) Subsection (a)(4) shall not be construed to limit the authority of a State to establish requirements relating to the wearing of personal flotation devices on recreational vessels that are more stringent than the requirements of that subsection.''.

(c) PENALTY.—Section 4311 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(h) Notwithstanding any other provision of this section, in the case of a person violating section 4307(a)(4) of this title—

''(1) the maximum penalty assessable under subsection (a) is a fine of $100 with no imprisonment; and

''(2) the maximum civil penalty assessable under subsection (c) is $100.''.

**SEC. 504. MARINE CASUALTY REPORTING.**

(a) SUBMISSION OF PLAN.—Not later than one year after enactment of this Act, the Secretary

of Transportation shall, in consultation with appropriate State agencies, submit to the Committee on Resources of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a plan to increase reporting of vessel accidents to appropriate State law enforcement officials.

(b) PENALTIES FOR VIOLATING REPORTING REQUIREMENTS.—Section 6103(a) of title 46, United States Code, is amended by inserting ''or 6102'' after ''6101'' the second place it appears.

## TITLE VI—COAST GUARD REGULATORY REFORM

**SEC. 601. SHORT TITLE.**

This title may be cited as the ''Coast Guard Regulatory Reform Act of 1995''.

**SEC. 602. SAFETY MANAGEMENT.**

(a) MANAGEMENT OF VESSELS.—Title 46, United States Code, is amended by adding after chapter 31 the following new chapter:

''CHAPTER 32—MANAGEMENT OF VESSELS

''Sec.

''3201. Definitions.

''3202. Application.

''3203. Safety management system.

''3204. Implementation of safety management system.

''3205. Certification.

**''§ 3201. Definitions**

''In this chapter—

''(1) 'International Safety Management Code' has the same meaning given that term in chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974;

''(2) 'responsible person' means—

''(A) the owner of a vessel to which this chapter applies; or

''(B) any other person that has—

''(i) assumed the responsibility for operation of a vessel to which this chapter applies from the owner; and

''(ii) agreed to assume with respect to the vessel responsibility for complying with all the requirements of this chapter and the regulations prescribed under this chapter.

''(3) 'vessel engaged on a foreign voyage' means a vessel to which this chapter applies—

''(A) arriving at a place under the jurisdiction of the United States from a place in a foreign country;

''(B) making a voyage between places outside the United States; or

''(C) departing from a place under the jurisdiction of the United States for a place in a foreign country.

**''§ 3202. Application**

''(a) MANDATORY APPLICATION.—This chapter applies to the following vessels engaged on a foreign voyage:

''(1) Beginning July 1, 1998—

''(A) a vessel transporting more than 12 passengers described in section 2101(21)(A) of this title; and

''(B) a tanker, bulk freight vessel, or high-speed freight vessel, of at least 500 gross tons.

''(2) Beginning July 1, 2002, a freight vessel and a self-propelled mobile offshore drilling unit of at least 500 gross tons.

''(b) VOLUNTARY APPLICATION.—This chapter applies to a vessel not described in subsection (a) of this section if the owner of the vessel requests the Secretary to apply this chapter to the vessel.

''(c) EXCEPTION.—Except as provided in subsection (b) of this section, this chapter does not apply to—

''(1) a barge;

''(2) a recreational vessel not engaged in commercial service;

''(3) a fishing vessel;

''(4) a vessel operating on the Great Lakes or its tributary and connecting waters; or

''(5) a public vessel.

**''§ 3203. Safety management system**

''(a) IN GENERAL.—The Secretary shall prescribe regulations which establish a safety management system for responsible persons and vessels to which this chapter applies, including—

''(1) a safety and environmental protection policy;

''(2) instructions and procedures to ensure safe operation of those vessels and protection of the environment in compliance with international and United States law;

''(3) defined levels of authority and lines of communications between, and among, personnel on shore and on the vessel;

''(4) procedures for reporting accidents and nonconformities with this chapter;

''(5) procedures for preparing for and responding to emergency situations; and

''(6) procedures for internal audits and management reviews of the system.

''(b) COMPLIANCE WITH CODE.—Regulations prescribed under this section shall be consistent with the International Safety Management Code with respect to vessels engaged on a foreign voyage.

**''§ 3204. Implementation of safety management system**

''(a) SAFETY MANAGEMENT PLAN.—Each responsible person shall establish and submit to the Secretary for approval a safety management plan describing how that person and vessels of the person to which this chapter applies will comply with the regulations prescribed under section 3203(a) of this title.

''(b) APPROVAL.—Upon receipt of a safety management plan submitted under subsection (a), the Secretary shall review the plan and approve it if the Secretary determines that it is consistent with and will assist in implementing the safety management system established under section 3203.

''(c) PROHIBITION ON VESSEL OPERATION.—A vessel to which this chapter applies under section 3202(a) may not be operated without having on board a Safety Management Certificate and a copy of a Document of Compliance issued for the vessel under section 3205 of this title.

**''§3205. Certification**

''(a) ISSUANCE OF CERTIFICATE AND DOCUMENT.—After verifying that the responsible person for a vessel to which this chapter applies and the vessel comply with the applicable requirements under this chapter, the Secretary shall issue for the vessel, on request of the responsible person, a Safety Management Certificate and a Document of Compliance.

''(b) MAINTENANCE OF CERTIFICATE AND DOCUMENT.—A Safety Management Certificate and a Document of Compliance issued for a vessel under this section shall be maintained by the responsible person for the vessel as required by the Secretary.

''(c) VERIFICATION OF COMPLIANCE.—The Secretary shall—

''(1) periodically review whether a responsible person having a safety management plan approved under section 3204(b) and each vessel to which the plan applies is complying with the plan; and

''(2) revoke the Secretary's approval of the plan and each Safety Management Certificate and Document of Compliance issued to the person for a vessel to which the plan applies, if the Secretary determines that the person or a vessel to which the plan applies has not complied with the plan.

''(d) ENFORCEMENT.—At the request of the Secretary, the Secretary of the Treasury shall withhold or revoke the clearance required by section 4197 of the Revised Statutes (46 U.S.C. App. 91) of a vessel that is subject to this chapter under section 3202(a) of this title or to the International Safety Management Code, if the vessel does not have on board a Safety Management Certificate and a copy of a Document of Compliance for the vessel. Clearance may be granted on filing a bond or other surety satisfactory to the Secretary.''.

(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle II of title 46, United States Code, is amended by inserting after the item relating to chapter 31 the following:

''32. Management of vessels ..... 3201''.

(c) STUDY.—

(1) IN GENERAL.—The Secretary of the department in which the Coast Guard is operating shall conduct, in cooperation with the owners, charterers, and managing operators of vessels documented under chapter 121 of title 46, United States Code, and other interested persons, a study of the methods that may be used to implement and enforce the International Management Code for the Safe Operation of Ships and for Pollution Prevention under chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974.

(2) REPORT.—The Secretary shall submit to the Congress a report of the results of the study required under paragraph (1) before the earlier of—

(A) the date that final regulations are prescribed under section 3203 of title 46, United States Code (as enacted by subsection (a); or

(B) the date that is 1 year after the date of enactment of this Act.

**SEC. 603. USE OF REPORTS, DOCUMENTS, RECORDS, AND EXAMINATIONS OF OTHER PERSONS.**

(a) REPORTS, DOCUMENTS, AND RECORDS.—Chapter 31 of title 46, United States Code, is amended by adding the following new section:

**''§ 3103. Use of reports, documents, and records**

''The Secretary may rely, as evidence of compliance with this subtitle, on—

''(1) reports, documents, and records of other persons who have been determined by the Secretary to be reliable; and

''(2) other methods the Secretary has determined to be reliable.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 31 of title 46, United States Code, is amended by adding at the end the following:

''3103. Use of reports, documents, and records.''.

(c) EXAMINATIONS.—Section 3308 of title 46, United States Code, is amended by inserting ''or have examined'' after ''examine''.

**SEC. 604. EQUIPMENT APPROVAL.**

(a) IN GENERAL.—Section 3306(b) of title 46, United States Code, is amended to read as follows:

''(b)(1) Equipment and material subject to regulation under this section may not be used on any vessel without prior approval of the Secretary.

''(2) Except with respect to use on a public vessel, the Secretary may treat an approval of equipment or materials by a foreign government as approval by the Secretary for purposes of paragraph (1) if the Secretary determines that—

''(A) the design standards and testing procedures used by that government meet the requirements of the International Convention for the Safety of Life at Sea, 1974;

''(B) the approval of the equipment or material by the foreign government will secure the safety of individuals and property on board vessels subject to inspection; and

''(C) for lifesaving equipment, the foreign government—

''(i) has given equivalent treatment to approvals of lifesaving equipment by the Secretary; and

''(ii) otherwise ensures that lifesaving equipment approved by the Secretary may be used on vessels that are documented and subject to inspection under the laws of that country.''.

(b) FOREIGN APPROVALS.—The Secretary of Transportation, in consultation with other interested Federal agencies, shall work with foreign governments to have those governments approve the use of the same equipment and materials on vessels documented under the laws of those countries that the Secretary requires on United States documented vessels.

(c) TECHNICAL AMENDMENT.—Section 3306(a)(4) of title 46, United States Code, is amended by striking ''clauses (1)–(3)'' and inserting ''paragraphs (1), (2), and (3)''.

**SEC. 605. FREQUENCY OF INSPECTION.**

(a) FREQUENCY OF INSPECTION, GENERALLY.—Section 3307 of title 46, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking ''nautical school vessel'' and inserting '', nautical school vessel, and small passenger vessel allowed to carry more than 12 passengers on a foreign voyage''; and

(B) by adding ''and'' after the semicolon at the end;

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(3) in paragraph (2) (as so redesignated), by striking ''2 years'' and inserting ''5 years''.

(b) CONFORMING AMENDMENT.—Section 3710(b) of title 46, United States Code, is amended by striking ''24 months'' and inserting ''5 years''.

**SEC. 606. CERTIFICATE OF INSPECTION.**

Section 3309(c) of title 46, United States Code, is amended by striking ''(but not more than 60 days)''.

**SEC. 607. DELEGATION OF AUTHORITY OF SECRETARY TO CLASSIFICATION SOCIETIES.**

(a) AUTHORITY TO DELEGATE.—Section 3316 of title 46, United States Code, is amended—

(1) by striking subsections (a) and (d);

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively; and

(3) in subsection (b), as so redesignated, by—

(A) redesignating paragraph (2) as paragraph (3); and

(B) striking so much of the subsection as precedes paragraph (3), as so redesignated, and inserting the following:

''(b)(1) The Secretary may delegate to the American Bureau of Shipping or another classification society recognized by the Secretary as meeting acceptable standards for such a society, for a vessel documented or to be documented under chapter 121 of this title, the authority to—

''(A) review and approve plans required for issuing a certificate of inspection required by this part;

''(B) conduct inspections and examinations; and

''(C) issue a certificate of inspection required by this part and other related documents.

''(2) The Secretary may make a delegation under paragraph (1) to a foreign classification society only—

''(A) to the extent that the government of the foreign country in which the society is headquartered delegates authority and provides access to the American Bureau of Shipping to inspect, certify, and provide related services to vessels documented in that country; and

''(B) if the foreign classification society has offices and maintains records in the United States.''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 3316 of title 46, United States Code, is amended to read as follows:

**''§ 3316. Classification societies''.**

(2) The table of sections for chapter 33 of title 46, United States Code, is amended by striking the item relating to section 3316 and inserting the following:

''3316. Classification societies.''.

## TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS

**SEC. 701. AMENDMENT OF INLAND NAVIGATION RULES.**

Section 2 of the Inland Navigational Rules Act of 1980 is amended—

(1) by amending Rule 9(e)(i) (33 U.S.C. 2009(e)(i)) to read as follows:

''(i) In a narrow channel or fairway when overtaking, the power-driven vessel intending to overtake another power-driven vessel shall indicate her intention by sounding the appropriate signal prescribed in Rule 34(c) and take steps to permit safe passing. The power-driven vessel being overtaken, if in agreement, shall sound the same signal and may, if specifically agreed to take steps to permit safe passing. If in doubt she shall sound the danger signal prescribed in Rule 34(d).'';

(2) in Rule 15(b) (33 U.S.C. 2015(b)) by inserting ''power-driven'' after ''Secretary, a'';

(3) in Rule 23(a)(i) (33 U.S.C. 2023(a)(i)) after ''masthead light forward''; by striking ''except that a vessel of less than 20 meters in length need not exhibit this light forward of amidships but shall exhibit it as far forward as is practicable;'';

(4) by amending Rule 24(f) (33 U.S.C. 2024(f)) to read as follows:

''(f) Provided that any number of vessels being towed alongside or pushed in a group shall be lighted as one vessel, except as provided in paragraph (iii)—

''(i) a vessel being pushed ahead, not being part of a composite unit, shall exhibit at the forward end, sidelights and a special flashing light;

''(ii) a vessel being towed alongside shall exhibit a sternlight and at the forward end, sidelights and a special flashing light; and

''(iii) when vessels are towed alongside on both sides of the towing vessels a stern light shall be exhibited on the stern of the outboard vessel on each side of the towing vessel, and a single set of sidelights as far forward and as far outboard as is practicable, and a single special flashing light.'';

(5) in Rule 26 (33 U.S.C. 2026)—

(A) in each of subsections (b)(i) and (c)(i) by striking ''a vessel of less than 20 meters in length may instead of this shape exhibit a basket;''; and

(B) by amending subsection (d) to read as follows:

''(d) The additional signals described in Annex II to these Rules apply to a vessel engaged in fishing in close proximity to other vessels engaged in fishing.''; and

(6) by amending Rule 34(h) (33 U.S.C. 2034) to read as follows:

''(h) A vessel that reaches agreement with another vessel in a head-on, crossing, or overtaking situation, as for example, by using the radiotelephone as prescribed by the Vessel Bridge-to-Bridge Radiotelephone Act (85 Stat. 164; 33 U.S.C. 1201 et seq.), is not obliged to sound the whistle signals prescribed by this rule, but may do so. If agreement is not reached, then whistle signals shall be exchanged in a timely manner and shall prevail.''.

**SEC. 702. MEASUREMENT OF VESSELS.**

Section 14104 of title 46, United States Code, is amended by redesignating the existing text after the section heading as subsection (a) and by adding at the end the following new subsection:

''(b) If a statute allows for an alternate tonnage to be prescribed under this section, the Secretary may prescribe it by regulation. Until an alternate tonnage is prescribed, the statutorily established tonnage shall apply to vessels measured under chapter 143 or chapter 145 of this title.''.

**SEC. 703. LONGSHORE AND HARBOR WORKERS COMPENSATION.**

Section 3(d)(3)(B) of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 903(d)(3)(B)) is amended by inserting after ''1,600 tons gross'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 704. RADIOTELEPHONE REQUIREMENTS.**

Section 4(a)(2) of the Vessel Bridge-to-Bridge Radiotelephone Act (33 U.S.C. 1203(a)(2)) is amended by inserting after ''one hundred gross tons'' the following ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

**SEC. 705. VESSEL OPERATING REQUIREMENTS.**

Section 4(a)(3) of the Ports and Waterways Safety Act (33 U.S.C. 1223(a)(3)) is amended by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 706. MERCHANT MARINE ACT, 1920.**

Section 27A of the Merchant Marine Act, 1920 (46 U.S.C. App. 883–1), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

**SEC. 707. MERCHANT MARINE ACT, 1956.**

Section 2 of the Act of June 14, 1956 (46 U.S.C. App. 883a), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 708. MARITIME EDUCATION AND TRAINING.**

Section 1302(4)(A) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295a(4)(a)) is amended by inserting after ''1,000 gross tons or more'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 709. GENERAL DEFINITIONS.**

Section 2101 of title 46, United States Code, is amended—

(1) in paragraph (13), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in paragraph (13a), by inserting after ''3,500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in paragraph (19), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in paragraph (22), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(5) in paragraph (30)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(6) in paragraph (32), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title

*as prescribed by the Secretary under section 14104 of this title'';*

*(7) in paragraph (33), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(8) in paragraph (35), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(9) in paragraph (42), by inserting after ''100 gross tons'' each place it appears, the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 710. AUTHORITY TO EXEMPT CERTAIN VESSELS.***

*Section 2113 of title 46, United States Code, is amended—*

*(1) in paragraph (4), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(2) in paragraph (5), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 711. INSPECTION OF VESSELS.***

*Section 3302 of title 46, United States Code, is amended—*

*(1) in subsection (c)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (c)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(3) in subsection (c)(3), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(4) in subsection (c)(4)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(5) in subsection (d)(1), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(6) in subsection (i)(1)(A), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(7) in subsection (j), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 712. REGULATIONS.***

*Section 3306 of title 46, United States Code, is amended—*

*(1) in subsection (h), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (i), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 713. PENALTIES—INSPECTION OF VESSELS.***

*Section 3318 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(2) in subsection (j)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 714. APPLICATION—TANK VESSELS.***

*Section 3702 of title 46, United States Code, is amended—*

*(1) in subsection (b)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (c), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(3) in subsection (d), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 715. TANK VESSEL CONSTRUCTION STANDARDS.***

*Section 3703a of title 46, United States Code, is amended—*

*(1) in subsection (b)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (c)(2), by inserting after ''5,000 gross tons'' each place it appears the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(3) in subsection (c)(3)(A), by inserting after ''15,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(4) in subsection (c)(3)(B), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(5) in subsection (c)(3)(C), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 716. TANKER MINIMUM STANDARDS.***

*Section 3707 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(2) in subsection (b), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 717. SELF-PROPELLED TANK VESSEL MINIMUM STANDARDS.***

*Section 3708 of title 46, United States Code, is amended by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 718. DEFINITION—ABANDONMENT OF BARGES.***

*Section 4701(1) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 719. APPLICATION—LOAD LINES.***

*Section 5102(b) of title 46, United States Code, is amended—*

*(1) in paragraph (4), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in paragraph (5), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(3) in paragraph (10), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 720. LICENSING OF INDIVIDUALS.***

*Section 7101(e)(3) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 721. ABLE SEAMEN—LIMITED.***

*Section 7308 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 722. ABLE SEAMEN—OFFSHORE SUPPLY VESSELS.***

*Section 7310 of title 46, United States Code, is amended by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 723. SCALE OF EMPLOYMENT—ABLE SEAMEN.***

*Section 7312 of title 46, United States Code, is amended—*

*(1) in subsection (b), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (c)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(3) in subsection (d), by inserting after ''500 gross tons'' the following: ''as measured under*

*section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(4) in subsection (f)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(5) in subsection (f)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 724. GENERAL REQUIREMENTS—ENGINE DEPARTMENT.***

*Section 7313(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 725. COMPLEMENT OF INSPECTED VESSELS.***

*Section 8101(h) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 726. WATCHMEN.***

*Section 8102(b) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 727. CITIZENSHIP AND NAVAL RESERVE REQUIREMENTS.***

*Section 8103(b)(3)(A) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 728. WATCHES.***

*Section 8104 of title 46, United States Code, is amended—*

*(1) in subsection (b), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (d), by inserting after ''100 gross tons'' and after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(3) in subsection (l)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(4) in subsection (m)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(5) in subsection (o)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(6) in subsection (o)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 729. MINIMUM NUMBER OF LICENSED INDIVIDUALS.***

*Section 8301 of title 46, United States Code, is amended—*

*(1) in subsection (a)(2), by inserting after ''1,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(2) in subsection (a)(3), by inserting after ''at least 200 gross tons but less than 1,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(3) in subsection (a)(4), by inserting after ''at least 100 gross tons but less than 200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';*

*(4) in subsection (a)(5), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(5) in subsection (b), by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 730. OFFICERS' COMPETENCY CERTIFICATES CONVENTION.***

*Section 8304(b)(4) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 731. MERCHANT MARINERS' DOCUMENTS REQUIRED.***

*Section 8701 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 732. CERTAIN CREW REQUIREMENTS.***

*Section 8702 of title 46, United States Code, is amended—*

*(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and*

*(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 733. FREIGHT VESSELS.***

*Section 8901 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 734. EXEMPTIONS.***

*Section 8905(b) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 735. UNITED STATES REGISTERED PILOT SERVICE.***

*Section 9303(a)(2) of title 46, United States Code, is amended by inserting after ''4,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 736. DEFINITIONS—MERCHANT SEAMEN PROTECTION.***

*Section 10101(4)(B) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 737. APPLICATION—FOREIGN AND INTERCOASTAL VOYAGES.***

*Section 10301(a)(2) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 738. APPLICATION—COASTWISE VOYAGES.***

*Section 10501(a) of title 46, United States Code, is amended by inserting after ''50 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 739. FISHING AGREEMENTS.***

*Section 10601(a)(1) of title 46, United States Code, is amended by inserting after ''20 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 740. ACCOMMODATIONS FOR SEAMEN.***

*Section 11101(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 741. MEDICINE CHESTS.***

*Section 11102(a) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 742. LOGBOOK AND ENTRY REQUIREMENTS.***

*Section 11301(a)(2) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 743. COASTWISE ENDORSEMENTS.***

*Section 12106(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

***SEC. 744. FISHERY ENDORSEMENTS.***

*Section 12108(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.*

**SEC. 745. CONVENTION TONNAGE FOR LICENSES, CERTIFICATES, AND DOCUMENTS.**

(a) AUTHORITY TO USE CONVENTION TONNAGE.—Chapter 75 of title 46, United States Code, is amended by adding at the end the following:

**"§ 7506. Convention tonnage for licenses, certificates, and documents**

"Notwithstanding any provision of section 14302(c) or 14305 of this title, the Secretary may—

"(1) evaluate the service of an individual who is applying for a license, a certificate of registry, or a merchant mariner's document by using the tonnage as measured under chapter 143 of this title for the vessels on which that service was acquired, and

"(2) issue the license, certificate, or document based on that service.".

(b) CLERICAL AMENDMENT.—The analysis to chapter 75 of title 46, United States Code, is amended by adding a new item as follows:

"7506. Convention tonnage for licenses, certificates, and documents.".

**SEC. 746. TECHNICAL CORRECTIONS.**

(a) Title 46, United States Code, is amended—

(1) by striking the first section 12123 in chapter 121;

(2) by striking the first item relating to section 12123 in the table of sections for such chapter 121;

(3) by striking "proceeding" in section 13108(a)(1) and inserting "preceding"; and

(4) by striking "Secertary" in section 13108(a)(1) and inserting "Secretary".

(b) Section 645 of title 14, United States Code, is amended by redesignating the second subsection (d) and subsections (e) through (h) as subsection (e) and subsections (f) through (i), respectively.

## TITLE VIII—POLLUTION FROM SHIPS

**SEC. 801. PREVENTION OF POLLUTION FROM SHIPS.**

(a) IN GENERAL.—Section 6 of the Act to Prevent Pollution From Ships (33 U.S.C. 1905) is amended—

(1) by striking "(2) If" in subsection (c)(2) and inserting "(2)(A) Subject to subparagraph (B), if"; and

(2) by adding at the end of subsection (c)(2) the following:

"(B) The Secretary may not issue a certificate attesting to the adequacy of reception facilities under this paragraph unless, prior to the issuance of the certificate, the Secretary conducts an inspection of the reception facilities of the port or terminal that is the subject of the certificate.

"(C) The Secretary may, with respect to certificates issued under this paragraph prior to the date of enactment of the Coast Guard Authorization Act of 1995, prescribe by regulation differing periods of validity for such certificates.";

(3) by striking subsection (c)(3)(A) and inserting the following:

"(A) is valid for the 5-year period beginning on the date of issuance of the certificate, except that if—

"(i) the charge for operation of the port or terminal is transferred to a person or entity other than the person or entity that is the operator on the date of issuance of the certificate—

"(I) the certificate shall expire on the date that is 30 days after the date of the transfer; and

"(II) the new operator shall be required to submit an application for a certificate before a certificate may be issued for the port or terminal; or

"(ii) the certificate is suspended or revoked by the Secretary, the certificate shall cease to be valid; and"; and

(4) by striking subsection (d) and inserting the following:

"(d)(1) The Secretary shall maintain a list of ports or terminals with respect to which a certificate issued under this section—

"(A) is in effect; or

"(B) has been revoked or suspended.

"(2) The Secretary shall make the list referred to in paragraph (1) available to the general public."

(b) RECEPTION FACILITY PLACARDS.—Section 6(f) of the Act to Prevent Pollution From Ships (33 U.S.C. 1905(f)) is amended—

(1) by inserting "(1)" before "The Secretary"; and

(2) by adding at the end the following new paragraph:

"(2)(A) Not later than 18 months after the date of enactment of the Coast Guard Authorization Act of 1995, the Secretary shall promulgate regulations that require the operator of each port or terminal that is subject to any requirement of the MARPOL Protocol relating to reception facilities to post a placard in a location that can easily be seen by port and terminal users. The placard shall state, at a minimum, that a user of a reception facility of the port or terminal should report to the Secretary any inadequacy of the reception facility.".

**SEC. 802. MARINE PLASTIC POLLUTION RESEARCH AND CONTROL.**

(a) COMPLIANCE REPORTS.—Section 2201(a) of the Marine Plastic Pollution Research and Control Act of 1987 (33 U.S.C. 1902 note) is amended—

(1) by striking "for a period of 6 years"; and

(2) by inserting before the period at the end the following: "and, not later than 1 year after the date of enactment of the Coast Guard Authorization Act of 1995, and annually thereafter, shall publish in the Federal Register a list of the enforcement actions taken against any domestic or foreign ship (including any commercial or recreational ship) pursuant to the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.)".

(b) COORDINATION.—Section 2203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2803) is amended to read as follows:

**"SEC. 2203. COORDINATION.**

"(a) ESTABLISHMENT OF MARINE DEBRIS COORDINATING COMMITTEE.—The Secretary of Commerce shall establish a Marine Debris Coordinating Committee.

"(b) MEMBERSHIP.—The Committee shall include a senior official from—

"(1) the National Oceanic and Atmospheric Administration, who shall serve as the Chairperson of the Committee;

"(2) the Environmental Protection Agency,;

"(3) the United States Coast Guard;

"(4) the United States Navy; and

"(5) such other Federal agencies that have an interest in ocean issues or water pollution prevention and control as the Secretary of Commerce determines appropriate.

"(c) MEETINGS.—The Committee shall meet at least twice a year to provide a forum to ensure the coordination of national and international research, monitoring, education, and regulatory actions addressing the persistent marine debris problem.

"(d) MONITORING.—The Secretary of Commerce, acting through the Administrator of the National Oceanic and Atmospheric Administration, in cooperation with the Administrator of the Environmental Protection Agency, shall utilize the marine debris data derived under title V of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2801 et seq.) to assist—

"(1) the Committee in ensuring coordination of research, monitoring, education and regulatory actions; and

"(2) the United States Coast Guard in assessing the effectiveness of this Act and the Act to Prevent Pollution from Ships in ensuring compliance under section 2201.".

(c) PUBLIC OUTREACH PROGRAM.—Section 2204(a) of the Marine Plastic Pollution Research and Control Act (42 U.S.C. 6981 note) is amended—

(1) by striking "for a period of at least 3 years," in the matter preceding paragraph (1)(A)—

(2) by striking "and" at the end of paragraph (1)(C);

(3) by striking the period at the end of subparagraph (1)(D) and inserting "; and";

(4) by adding at the end of paragraph (1) the following:

"(E) the requirements under this Act and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.) with respect to ships and ports, and the authority of citizens to report violations of this Act and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.)."; and

(5) by striking paragraph (2) and inserting the following:

"(2) AUTHORIZED ACTIVITIES.—

"(A) PUBLIC OUTREACH PROGRAM.—A public outreach program under paragraph (1) may include—

"(i) developing and implementing a voluntary boaters' pledge program;

"(ii) workshops with interested groups;

"(iii) public service announcements;

"(iv) distribution of leaflets and posters; and

"(v) any other means appropriate to educating the public.

"(B) GRANTS AND COOPERATIVE AGREEMENTS.—To carry out this section, the Secretary of the department in which the Coast Guard is operating, the Secretary of Commerce, and the Administrator of the Environmental Protection Agency are authorized to award grants, enter into cooperative agreements with appropriate officials of other Federal agencies and agencies of States and political subdivisions of States and with public and private entities, and provide other financial assistance to eligible recipients.

"(C) CONSULTATION.—In developing outreach initiatives for groups that are subject to the requirements of this title and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.), the Secretary of the department in which the Coast Guard is operating, in consultation with the Secretary of Commerce, acting through the Administrator of the National Oceanic and Atmospheric Administration, and the Administrator of the Environmental Protection Agency, shall consult with—

"(i) the heads of State agencies responsible for implementing State boating laws; and

"(ii) the heads of other enforcement agencies that regulate boaters or commercial fishermen.".

## TITLE IX—LAW ENFORCEMENT ENHANCEMENT

**SEC. 901. SANCTIONS FOR FAILURE TO LAND OR TO BRING TO; SANCTIONS FOR OBSTRUCTION OF BOARDING AND PROVIDING FALSE INFORMATION.**

(a) IN GENERAL.—Chapter 109 of title 18, United States Code, is amended by adding at the end new section 2237 to read as follows:

**"§ 2237. Sanctions for failure to land or to bring to; sanctions for obstruction of boarding and providing false information**

"(a)(1) It shall be unlawful for the pilot, operator, or person in charge of an aircraft which has crossed the border of the United States, or an aircraft subject to the jurisdiction of the United States operating outside the United States, to fail to obey an order to land by an authorized Federal law enforcement officer who is enforcing the laws of the United States relating to controlled substances, as that term is defined in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)), or relating to money laundering (sections 1956–57 of this title).

"(2) The Administrator of the Federal Aviation Administration, in consultation with the Commissioner of Customs and the Attorney General, shall prescribe regulations governing the means by which a Federal law enforcement officer may communicate an order to land to a pilot, operator, or person in charge of an aircraft.

"(b)(1) It shall be unlawful for the master, operator, or person in charge of a vessel of the

*United States or a vessel subject to the jurisdiction of the United States, to fail to obey an order to bring to that vessel on being ordered to do so by an authorized Federal law enforcement officer.*

*''(2) It shall be unlawful for any person on board a vessel of the United States or a vessel subject to the jurisdiction of the United States to—*

*''(A) fail to comply with an order of an authorized Federal law enforcement officer in connection with the boarding of the vessel;*

*''(B) impede or obstruct a boarding or arrest, or other law enforcement action authorized by any Federal law; or*

*''(C) provide information to a Federal law enforcement officer during a boarding of a vessel regarding the vessel's destination, origin, ownership, registration, nationality, cargo, or crew, which that person knows or has reason to know is false.*

*''(c) This section does not limit in any way the preexisting authority of a customs officer under section 581 of the Tariff Act of 1930 or any other provision of law enforced or administered by the Customs Service, or the preexisting authority of any Federal law enforcement officer under any law of the United States to order an aircraft to land or a vessel to bring to.*

*''(d) A foreign nation may consent or waive objection to the enforcement of United States law by the United States under this section by radio, telephone, or similar oral or electronic means. Consent or waiver may be proven by certification of the Secretary of State or the Secretary's designee.*

*''(e) For purposes of this section—*

*''(1) A 'vessel of the United States' and a 'vessel subject to the jurisdiction of the United States' have the meaning set forth for these terms in the Maritime Drug Law Enforcement Act (46 App. U.S.C. 1903);*

*''(2) an aircraft 'subject to the jurisdiction of the United States' includes—*

*''(A) an aircraft located over the United States or the customs waters of the United States;*

*''(B) an aircraft located in the airspace of a foreign nation, where that nation consents to the enforcement of United States law by the United States; and*

*''(C) over the high seas, an aircraft without nationality, an aircraft of United States registry, or an aircraft registered in a foreign nation that has consented or waived objection to the enforcement of United States law by the United States;*

*''(3) an aircraft 'without nationality' includes—*

*''(A) an aircraft aboard which the pilot, operator, or person in charge makes a claim of registry, which claim is denied by the nation whose registry is claimed; and*

*''(B) an aircraft aboard which the pilot, operator, or person in charge fails, upon request of an officer of the United States empowered to enforce applicable provisions of United States law, to make a claim of registry for that aircraft.*

*''(4) the term 'bring to' means to cause a vessel to slow or come to a stop to facilitate a law enforcement boarding by adjusting the course and speed of the vessel to account for the weather conditions and sea state; and*

*''(5) the term 'Federal law enforcement officer' has the meaning set forth in section 115 of this title.*

*''(f) Any person who intentionally violates the provisions of this section shall be subject to—*

*''(1) imprisonment for not more than 5 years; and*

*''(2) a fine as provided in this title.*

*''(g) An aircraft or vessel that is used in violation of this section may be seized and forfeited. The laws relating to the seizure, summary and judicial forfeiture, and condemnation of property for violation of the customs laws, the disposition of such property or the proceeds from the sale thereof, the remission or mitigation of such forfeitures, and the compromise of claims, shall apply to seizures and forfeitures undertaken, or alleged to have been undertaken, under any of the provisions of this section; except that such duties as are imposed upon the customs officer or any other person with respect to the seizure and forfeiture of property under the customs laws shall be performed with respect to seizures and forfeitures of property under this section by such officers, agents, or other persons as may be authorized or designated for that purpose. A vessel or aircraft that is used in violation of this section is also liable in rem for any fine or civil penalty imposed under this section.''.*

*(b) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 109, title 18, United States Code, is amended by inserting the following new item after the item for section 2236:*

*''2237. Sanctions for failure to land or to bring to; sanctions for obstruction of boarding or providing false information.''.*

***SEC. 902. FAA SUMMARY REVOCATION AUTHORITY.***

*(a) Title 49, United States Code, is amended by adding after section 44106 the following new section:*

***''§ 44106a. Summary revocation of aircraft certificate***

*''(a) The registration of an aircraft shall be immediately revoked upon the failure of the pilot, operator, or person in charge of the aircraft to follow the order of a Federal law enforcement officer to land an aircraft, as provided in section 2237 of title 18, United States Code. The Administrator shall as soon as possible notify the owner of the aircraft that the owner no longer holds United States registration for that aircraft.*

*''(b) The Administrator shall establish procedures for the owner of the aircraft to show cause—*

*''(1) why the registration was not revoked, as a matter of law, by operation of subsection (a); or*

*''(2) why circumstances existed pursuant to which the Administrator should determine that, notwithstanding subsection (a), it would be in the public interest to issue a new certificate of registration to the owner to be effective concurrent with the revocation occasioned by operation of subsection (a).''.*

*(b) The table of sections at the beginning of chapter 441 of title 49, United States Code, is amended by inserting after the item relating to section 44106 the following:*

*''44106a. Summary revocation of aircraft certificate.''*

*(c) Title 49, United States Code, is amended by adding after section 44710 the following new section:*

***''§ 44710a. Failure to follow order to land aircraft***

*''(a) The Administrator shall issue an order revoking the airman certificate of any person if the Administrator finds that—*

*''(1) such person, while acting as the pilot, operator, or person in charge of an aircraft failed to follow the order of a Federal law enforcement officer to land the aircraft as provided in section 2237 of title 18, United States Code, and*

*''(2) such person knew or had reason to know that he had been ordered to land the aircraft.*

*''(b) If the Administrator determines that extenuating circumstances existed, such as safety of flight, which justified a deviation by the airman from the order to land, the provisions of subsection (a) of this section shall not apply.*

*''(c) The provisions of subsections (c) and (d) of section 44710 shall apply to any revocation of the airman certificate of any person for failing to follow the order of a Federal law enforcement officer to land an aircraft.''.*

*(d) The table of sections at the beginning of chapter 447 of title 49, United States Code, is amended by inserting after the item relating to section 44710 the following:*

*''44710a. Failure to follow order to land aircraft.''*

***SEC. 903. COAST GUARD AIR INTERDICTION AUTHORITY.***

*(a) IN GENERAL.—Chapter 5 of title 14, United States Code, is amended by adding at the end the following new section:*

***''§ 96. Air interdiction authority***

*''The Coast Guard may issue orders and make inquiries, searches, seizures, and arrests with respect to violations of laws of the United States occurring aboard any aircraft subject to the jurisdiction of the United States as defined in section 2237 of title 18, United States Code. Any order issued under this section to land an aircraft shall be communicated pursuant to regulations promulgated pursuant to section 2237 of title 18, United States Code.''.*

*(b) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 5 of title 14, United States Code, is amended by adding at the end the following new item:*

*''96. Air interdiction authority.''.*

***SEC. 904. COAST GUARD CIVIL PENALTY PROVISIONS.***

*(a) IN GENERAL.—Chapter 17 of title 14, United States Code, is amended by adding at the end the following new section:*

***''§ 673. Civil penalty for failure to comply with a lawful boarding, order to land, obstruction of boarding, or providing false information***

*''(a) The master, operator, or person in charge of a vessel, or the pilot, operator, or person in charge of an aircraft who fails to comply with an order of a Coast Guard commissioned officer, warrant officer, or petty officer relating to the boarding of a vessel or landing of an aircraft issued under the authority of section 2237 of title 18, United States Code, or section 96 of this title, and communicated according to regulations promulgated under section 2237 of title 18, United States Code, or according to any applicable, internationally recognized standards, or in any other manner reasonably calculated to be received and understood, shall be liable for a civil penalty of not more than $15,000. For intentional violations of this section, a civil penalty of not more than $25,000 shall be assessed.*

*''(b) A vessel or aircraft used to violate an order relating to the boarding of a vessel or landing of an aircraft issued under the authority of section 2237 of title 18, United States Code, or Section 96 of this Title, is also liable in rem and may be seized, forfeited, and sold in accordance with Customs law, specifically section 1594 of Title 19, United States Code.''.*

*(b) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 17 of title 14, United States Code, is amended by adding at the end the following new item:*

*''673. Civil penalty for failure to comply with a lawful boarding, order to land, obstruction of boarding, or providing false information.''.*

***SEC. 905. CUSTOMS ORDERS.***

*Section 581 of the Tariff Act of 1930 (19 U.S.C. 1581) is amended by adding at the end the following new subsection:*

*''(i) As used in this section, the term 'authorized place' includes —*

*''(1) with respect to a vehicle, a location in a foreign country at which United States customs officers are permitted to conduct inspections, examinations, or searches; and*

*''(2) with respect to aircraft to which this section applies by virtue of section 644 of this Act (19 U.S.C. 1644), or regulations issued thereunder, or section 2237 of title 18, United States Code, any location outside of the United States, including a foreign country at which United States customs officers are permitted to conduct inspections, examinations, or searches.''.*

**SEC. 906. CUSTOMS CIVIL PENALTY PROVISIONS.**

*Part V of title IV of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) is amended by adding a new section 591 (19 U.S.C. 1591) as follows:*

**"SEC. 591. CIVIL PENALTY FOR FAILURE TO OBEY AN ORDER TO LAND.**

*''(a) The pilot, operator, or person in charge of an aircraft who fails to comply with an order of an authorized Federal law enforcement officer relating to the landing of an aircraft issued under the authority of section 581 of this Act, or section 2237 of title 18, United States Code, and communicated according to regulations promulgated under section 2237 of title 18, United States Code, or according to any applicable, internationally recognized standards, or in any other manner reasonably calculated to be received and understood, shall be liable for a civil penalty of not more than $15,000. For intentional violations of this section, a civil penalty of not more than $25,000 shall be assessed.*

*''(b) An aircraft used to violate an order relating to the landing of an aircraft issued under the authority of section 581 of this Act, or section 2237 of title 18, United States Code, is also liable in rem and may be seized, forfeited, and sold in accordance with Customs law, specifically section 1594 of Title 19, United States Code.''.*

## TITLE X—CONVEYANCES

**SEC. 1001. CONVEYANCE OF PROPERTY IN MASSACHUSETTS.**

*(a) AUTHORITY TO CONVEY.—*

*(1) IN GENERAL.—The Secretary shall convey, by an appropriate means of conveyance, all right, title, and interest of the United States in and to the properties described in paragraph (3) to the persons to whom each such property is to be conveyed under that paragraph.*

*(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine each property to be conveyed pursuant to this subsection.*

*(3) PROPERTIES CONVEYED.—*

*(A) CAPE ANN LIGHTHOUSE.—The Secretary shall convey to the town of Rockport, Massachusetts, by an appropriate means of conveyance, all right, title, and interest of the United States in and to the property comprising the Cape Ann Lighthouse, located on Thacher Island, Massachusetts.*

*(B) COAST GUARD PROPERTY IN GOSNOLD, MASSACHUSETTS.—The Secretary may convey to the town of Gosnold, Massachusetts, without reimbursement and by no later than 120 days after the date of enactment of this Act, all right, title, and interest of the United States in and to the property known as the ''United States Coast Guard Cuttyhunk Boathouse and Wharf'' located in the town of Gosnold, Massachusetts.*

*(b) TERMS OF CONVEYANCE.—*

*(1) IN GENERAL.—The conveyance of property pursuant to this section shall be made—*

*(A) without payment of consideration; and*

*(B) subject to the conditions required by paragraphs (3), (4), and (5) and other terms and conditions the Secretary may consider appropriate.*

*(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), the conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in the property conveyed shall immediately revert to the United States if the property, or any part of the property*

*(A) ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation; or*

*(B) ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.).*

*(3) MAINTENANCE OF NAVIGATION FUNCTIONS.—The conveyance of property pursuant to this section shall be made subject to the conditions that the Secretary considers to be necessary to assure that—*

*(A) the lights, antennas, and associated equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States;*

*(B) the person to which the property is conveyed may not interfere or allow interference in any manner with aids to navigation without express written permission from the Secretary;*

*(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to the property conveyed as may be necessary for navigational purposes;*

*(D) the United States shall have the right, at any time, to enter the property without notice for the purpose of maintaining aids to navigation; and*

*(E) the United States shall have an easement of access to the property for the purpose of maintaining the aids to navigation in use on the property.*

*(4) OBLIGATION LIMITATION.—The person to which the property is conveyed is not required to maintain any active aid to navigation equipment on property conveyed pursuant to this section.*

*(5) MAINTENANCE OF PROPERTY.—The person to which the property is conveyed shall maintain the property in accordance with the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.), and other applicable laws.*

*(c) DEFINITIONS.—For purposes of this section—*

*(1) the term ''Cape Ann Lighthouse'' means the Coast Guard property located on Thacher Island, Massachusetts, except any historical artifact, including any lens or lantern, located on the property at or before the time of the conveyance;*

*(2) the term ''United States Coast Guard Cuttyhunk Boathouse and Wharf'' means real property located in the town of Gosnold, Massachusetts (including all buildings, structures, equipment, and other improvements), as determined by the Secretary of Transportation; and*

*(3) the term ''Secretary'' means the Secretary of Transportation.*

**SEC. 1002. CONVEYANCE OF CERTAIN LIGHTHOUSES LOCATED IN MAINE.**

*(a) AUTHORITY TO CONVEY.—*

*(1) IN GENERAL.—The Secretary of Transportation (in this section referred to as the ''Secretary'') may convey to the Island Institute, Rockland, Maine, (in this section referred to as the ''Institute''), by an appropriate means of conveyance, all right, title, and interest of the United States in and to any of the facilities and real property and improvements described in paragraph (2).*

*(2) IDENTIFICATION OF PROPERTIES.—Paragraph (1) applies to lighthouses, together with any real property and other improvements associated therewith, located in the State of Maine as follows:*

*(A) Whitehead Island Light.*
*(B) Deer Island Thorofare (Mark Island) Light.*
*(C) Burnt Island Light.*
*(D) Rockland Harbor Breakwater Light.*
*(E) Monhegan Island Light.*
*(F) Eagle Island Light.*
*(G) Curtis Island Light.*
*(H) Moose Peak Light.*
*(I) Great Duck Island Light.*
*(J) Goose Rocks Light.*
*(K) Isle au Haut Light.*
*(L) Goat Island Light.*
*(M) Wood Island Light.*
*(N) Doubling Point Light.*
*(O) Doubling Point Front Range Light.*
*(P) Doubling Point Rear Range Light.*
*(Q) Little River Light.*
*(R) Spring Point Ledge Light.*
*(S) Ram Island Light (Boothbay).*
*(T) Seguin Island Light.*
*(U) Marshall Point Light.*
*(V) Fort Point Light.*
*(W) West Quoddy Head Light.*
*(X) Brown's Head Light.*
*(Y) Cape Neddick Light.*
*(Z) Halfway Rock Light.*
*(AA) Ram Island Ledge Light.*
*(BB) Mount Desert Rock Light.*
*(CC) Whitlock's Mill Light.*

*(3) DEADLINE FOR CONVEYANCE.—The conveyances authorized by this subsection shall take place, if at all, not later than 5 years after the date of the enactment of this Act.*

*(4) ADDITIONAL CONVEYANCES TO UNITED STATES FISH AND WILDLIFE SERVICE.—The Secretary may transfer, in accordance with the terms and conditions of subsection (b), the following lighthouses, together with any real property and improvements associated therewith, directly to the United States Fish and Wildlife Service:*

*(A) Two Bush Island Light.*
*(B) Egg Rock Light.*
*(C) Libby Island Light.*
*(D) Matinicus Rock Light.*

*(b) TERMS OF CONVEYANCE.—*

*(1) IN GENERAL.—The conveyance of property pursuant to this section shall be made—*

*(A) without payment of consideration; and*

*(B) subject to the conditions required by paragraphs (2) and (3) and other terms and conditions the Secretary may consider appropriate.*

*(2) MAINTENANCE OF NAVIGATION FUNCTION.—The conveyance of property pursuant to this section shall be made subject to the conditions that the Secretary considers necessary to assure that—*

*(A) the lights, antennas, and associated equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States;*

*(B) the Institute, the United States Fish and Wildlife Service, and an entity to which property is conveyed under this section may not interfere or allow interference in any manner with aids to navigation without express written permission from the Secretary;*

*(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to property conveyed under this section as may be necessary for navigational purposes;*

*(D) the United States shall have the right, at any time, to enter property conveyed under this section without notice for the purpose of maintaining aids to navigation; and*

*(E) the United States shall have an easement of access to property conveyed under this section for the purpose of maintaining the aids to navigation in use on the property.*

*(3) OBLIGATION LIMITATION.—The Institute, or any entity to which the Institute conveys a lighthouse under subsection (d), is not required to maintain any active aid to navigation equipment on a property conveyed under this section.*

*(4) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), the conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in such property shall immediately revert to the United States if—*

*(A) such property or any part of such property ceases to be used for educational, historic, recreational, cultural, and wildlife conservation programs for the general public and for such other uses as the Secretary determines to be not inconsistent or incompatible with such uses;*

*(B) such property or any part of such property ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation;*

*(C) such property or any part of such property ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.); or*

*(D) the Secretary determines that—*

*(i) the Institute is unable to identify an entity eligible for the conveyance of the lighthouse*

*under subsection (d) within the 3-year period beginning on the date of the conveyance of the lighthouse to the Institute under subsection (a); or*

*(ii) in the event that the Institute identifies an entity eligible for the conveyance within that period—*

*(I) the entity is unable or unwilling to accept the conveyance and the Institute is unable to identify another entity eligible for the conveyance within that period; or*

*(II) the Maine Lighthouse Selection Committee established under subsection (d)(3)(A) disapproves of the entity identified by the Institute and the Institute is unable to identify another entity eligible for the conveyance within that period.*

*(c) INSPECTION.—The State Historic Preservation Officer of the State of Maine may inspect any lighthouse, and any real property and improvements associated therewith, that is conveyed under this section at any time, without notice, for purposes of ensuring that the lighthouse is being maintained in the manner required under subsection (b). The Institute, and any subsequent conveyee of the Institute under subsection (d), shall cooperate with the official referred to in the preceding sentence in the inspections of that official under this subsection.*

*(d) SUBSEQUENT CONVEYANCE.—*

*(1) REQUIREMENT.—*

*(A) IN GENERAL.—Except as provided in subparagraph (B), the Institute shall convey, without consideration, all right, title, and interest of the Institute in and to the lighthouses conveyed to the Institute under subsection (a), together with any real property and improvements associated therewith, to one or more entities identified under paragraph (2) and approved by the committee established under paragraph (3) in accordance with the provisions of such paragraph (3).*

*(B) EXCEPTION.—The Institute, with the concurrence of the Maine Lighthouse Selection Committee and in accordance with the terms and conditions of subsection (b), may retain right, title, and interest in and to the following lighthouses conveyed to the Institute:*

*(i) Whitehead Island Light.*

*(ii) Deer Island Thorofare (Mark Island) Light.*

*(2) IDENTIFICATION OF ELIGIBLE ENTITIES.—*

*(A) IN GENERAL.—Subject to subparagraph (B), the Institute shall identify entities eligible for the conveyance of a lighthouse under this subsection. Such entities shall include any department or agency of the Federal Government, any department or agency of the Government of the State of Maine, any local government in that State, or any nonprofit corporation, educational agency, or community development organization that—*

*(i) is financially able to maintain the lighthouse (and any real property and improvements conveyed therewith) in accordance with the conditions set forth in subsection (b);*

*(ii) has agreed to permit the inspections referred to in subsection (c); and*

*(iii) has agreed to comply with the conditions set forth in subsection (b); and to have such conditions recorded with the deed of title to the lighthouse and any real property and improvements that may be conveyed therewith.*

*(B) ORDER OF PRIORITY.—In identifying entities eligible for the conveyance of a lighthouse under this paragraph, the Institute shall give priority to entities in the following order, which are also the exclusive entities eligible for the conveyance of a lighthouse under this section:*

*(i) Agencies of the Federal Government.*

*(ii) Entities of the Government of the State of Maine.*

*(iii) Entities of local governments in the State of Maine.*

*(iv) Nonprofit corporations, educational agencies, and community development organizations.*

*(3) SELECTION OF CONVEYEES AMONG ELIGIBLE ENTITIES.—*

*(A) COMMITTEE.—*

*(i) IN GENERAL.—There is hereby established a committee to be known as the Maine Lighthouse Selection Committee (in this paragraph referred to as the ''Committee'').*

*(ii) MEMBERSHIP.—The Committee shall consist of five members appointed by the Secretary as follows:*

*(I) One member, who shall serve as the Chairman of the Committee, shall be appointed from among individuals recommended by the Governor of the State of Maine.*

*(II) One member shall be the State Historic Preservation Officer of the State of Maine, with the consent of that official, or a designee of that official.*

*(III) One member shall be appointed from among individuals recommended by State and local organizations in the State of Maine that are concerned with lighthouse preservation or maritime heritage matters.*

*(IV) One member shall be appointed from among individuals recommended by officials of local governments of the municipalities in which the lighthouses are located.*

*(V) One member shall be appointed from among individuals recommended by the Secretary of the Interior.*

*(iii) APPOINTMENT DEADLINE.—The Secretary shall appoint the members of the Committee not later than 90 days after the date of the enactment of this Act.*

*(iv) MEMBERSHIP TERM.—*

*(I) Members of the Committee shall serve for such terms not longer than 3 years as the Secretary shall provide. The Secretary may stagger the terms of initial members of the Committee in order to ensure continuous activity by the Committee.*

*(II) Any member of the Committee may serve after the expiration of the term of the member until a successor to the member is appointed. A vacancy in the Committee shall be filled in the same manner in which the original appointment was made.*

*(v) VOTING.—The Committee shall act by an affirmative vote of a majority of the members of the Committee.*

*(B) RESPONSIBILITIES.—*

*(i) IN GENERAL.—The Committee shall—*

*(I) review the entities identified by the Institute under paragraph (2) as entities eligible for the conveyance of a lighthouse; and*

*(II) approve one such entity, or disapprove all such entities, as entities to which the Institute may make the conveyance of the lighthouse under this subsection.*

*(ii) APPROVAL.—If the Committee approves an entity for the conveyance of a lighthouse, the Committee shall notify the Institute of such approval.*

*(iii) DISAPPROVAL.—If the Committee disapproves of the entities, the Committee shall notify the Institute and, subject to subsection (b)(4)(D)(ii), the Institute shall identify other entities eligible for the conveyance of the lighthouse under paragraph (2). The Committee shall review and approve or disapprove entities identified pursuant to the preceding sentence in accordance with this subparagraph and the criteria set forth in subsection (b).*

*(C) EXEMPTION FROM FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Committee, however, all meetings of the Committee shall be open to the public and preceded by appropriate public notice.*

*(D) TERMINATION.—The Committee shall terminate 8 years from the date of the enactment of this Act.*

*(4) CONVEYANCE.—Upon notification under paragraph (3)(B)(ii) of the approval of an identified entity for conveyance of a lighthouse under this subsection, the Institute shall, with the consent of the entity, convey the lighthouse to the entity.*

*(5) RESPONSIBILITIES OF CONVEYEES.—Each entity to which the Institute conveys a lighthouse under this subsection, or any successor or assign of such entity in perpetuity, shall—*

*(A) use and maintain the lighthouse in accordance with subsection (b) and have such terms and conditions recorded with the deed of title to the lighthouse and any real property conveyed therewith; and*

*(B) permit the inspections referred to in subsection (c).*

*(e) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of any lighthouse, and any real property and improvements associated therewith, conveyed under subsection (a) shall be determined by the Secretary. The Secretary shall retain all right, title, and interest of the United States in and to any historical artifact, including any lens or lantern, that is associated with the lighthouses conveyed under this subsection, whether located at the lighthouse or elsewhere. The Secretary shall identify any equipment, system, or object covered by this paragraph.*

*(f) REPORT.—Not later than 1 year after the date of the enactment of this Act, and annually thereafter for the next 7 years, the Secretary shall submit to Congress a report on the conveyance of lighthouses under this section. The report shall include a description of the implementation of the provisions of this section, and the requirements arising under such provisions, in—*

*(1) providing for the use and maintenance of the lighthouses conveyed under this section in accordance with subsection (b);*

*(2) providing for public access to such lighthouses; and*

*(3) achieving the conveyance of lighthouses to appropriate entities under subsection (d).*

***SEC. 1003. CONVEYANCE OF SQUIRREL POINT LIGHT.***

*(a) AUTHORITY TO CONVEY.—*

*(1) IN GENERAL.—The Secretary of Transportation (in this section referred to as the ''Secretary'') shall convey to Squirrel Point Associates, Incorporated, by an appropriate means of conveyance, all right, title, and interest of the United States in and to the property comprising the Squirrel Point Light, located in the town of Arrowsic, Maine.*

*(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this subsection.*

*(b) TERMS OF CONVEYANCE.—*

*(1) IN GENERAL.—The conveyance of property pursuant to this section shall be made—*

*(A) without payment of consideration; and*

*(B) subject to the conditions required by paragraphs (3) and (4) and other terms and conditions the Secretary may consider appropriate.*

*(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), the conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in the Squirrel Point Light shall immediately revert to the United States if the Squirrel Point Light, or any part of the property—*

*(A) ceases to be used as a nonprofit center for the interpretation and preservation of maritime history;*

*(B) ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation; or*

*(C) ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.).*

*(3) MAINTENANCE OF NAVIGATION FUNCTION.—The conveyance of property pursuant to this section shall be made subject to the conditions that the Secretary considers to be necessary to assure that—*

*(A) the lights, antennas, and associated equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States;*

*(B) Squirrel Point Associates, Incorporated, may not interfere or allow interference in any manner with aids to navigation without express written permission from the Secretary;*

*(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to the Squirrel Point Light as may be necessary for navigational purposes;*

*(D) the United States shall have the right, at any time, to enter the property without notice for the purpose of maintaining aids to navigation; and*

*(E) the United States shall have an easement of access to the property for the purpose of maintaining the aids to navigation in use on the property.*

*(4) OBLIGATION LIMITATION.—The Squirrel Point Associates, Incorporated, is not required to maintain any active aid to navigation equipment on property conveyed pursuant to this section.*

*(5) MAINTENANCE OF PROPERTY.—The Squirrel Point Associates, Incorporated, shall maintain the Squirrel Point Light in accordance with the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.), and other applicable laws.*

*(c) DEFINITIONS.—For purposes of this section, the term ''Squirrel Point Light'' means the Coast Guard light station located in the town of Arrowsic, Sagadahoc County, Maine—*

*(1) including the light tower, dwelling, boat house, oil house, barn, any other ancillary buildings and such land as may be necessary to enable Squirrel Point Associates, Incorporated, to operate a non-profit center for public benefit; and*

*(2) except any historical artifact, including any lens or lantern, located on the property at or before the time of the conveyance.*

***SEC. 1004. CONVEYANCE OF MONTAUK LIGHT STATION, NEW YORK.***

*(a) AUTHORITY TO CONVEY.—*

*(1) IN GENERAL.—The Secretary of Transportation shall convey to the Montauk Historical Association in Montauk, New York, by an appropriate means of conveyance, all right, title, and interest of the United States in and to property comprising Montauk Light Station, located at Montauk, New York.*

*(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.*

*(b) TERMS OF CONVEYANCE.—*

*(1) IN GENERAL.—A conveyance of property pursuant to this section shall be made—*

*(A) without the payment of consideration; and*

*(B) subject to the conditions required by paragraphs (3) and (4) and such other terms and conditions as the Secretary may consider appropriate.*

*(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), any conveyance of property comprising the Montauk Light Station pursuant to subsection (a) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof—*

*(A) ceases to be maintained as a nonprofit center for public benefit for the interpretation and preservation of the material culture of the United States Coast Guard, the maritime history of Montauk, New York, and Native American and colonial history;*

*(B) ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation; or*

*(C) ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act (16 U.S.C. 470 et seq.).*

*(3) MAINTENANCE OF NAVIGATION FUNCTIONS.—Any conveyance of property pursuant to this section shall be subject to such conditions as the Secretary considers to be necessary to assure that—*

*(A) the light, antennas, sound signal, and associated lighthouse equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States for as long as they are needed for this purpose;*

*(B) the Montauk Historical Association may not interfere or allow interference in any manner with such aids to navigation without express written permission from the United States;*

*(C) there is reserved to the United States the right to replace, or add any aids to navigation, or make any changes to the Montauk Light Station as may be necessary for navigation purposes;*

*(D) the United States shall have the right, at any time, to enter the property conveyed without notice for the purpose of maintaining navigation aids;*

*(E) the United States shall have an easement of access to such property for the purpose of maintaining the navigational aids in use on the property; and*

*(F) the Montauk Light Station shall revert to the United States at the end of the 30-day period beginning on any date on which the Secretary of Transportation provides written notice to the Montauk Historical Association that the Montauk Light Station is needed for national security purposes.*

*(4) MAINTENANCE OF PROPERTY.—Any conveyance of property under this section shall be subject to the condition that the Montauk Historical Association shall maintain the Montauk Light Station in accordance with the provisions of the National Historic Preservation Act (16 U.S.C. 470 et seq.) and other applicable laws.*

*(5) OBLIGATION LIMITATION.—The Montauk Historical Association shall not have any obligation to maintain any active aid to navigation equipment on property conveyed pursuant to this section.*

*(c) MONTAUK LIGHT STATION DEFINED.—For purposes of this section, the term ''Montauk Light Station'' means the Coast Guard light station known as Light Station Montauk Point, located at Montauk, New York, including the lighthouse, the keeper's dwellings, adjacent Coast Guard rights of way, the World War II submarine spotting tower, the lighthouse tower, and the paint locker, except any historical artifact, including any lens or lantern, located on the property at or before the time of conveyance.*

***SEC. 1005. CONVEYANCE OF POINT ARENA LIGHT STATION.***

*(a) AUTHORITY TO CONVEY.—*

*(1) IN GENERAL.—At such time as the Secretary determines the Point Arena Light Station to be excess to the needs of the Coast Guard, the Secretary of Transportation shall convey to the Point Arena Lighthouse Keepers, Inc., by an appropriate means of conveyance, all right, title, and interest of the United States in and to The Point Arena Lighthouse, located in Mendocino County, California, except that the Coast Guard shall retain all right, title, and interest in any historical artifact, including any lens or lantern, on the property conveyed pursuant to this section, or belonging to the property, whether located on the property or elsewhere, except that such lens must be retained within the boundary of the State of California.*

*(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.*

*(b) TERMS OF CONVEYANCE.—*

*(1) IN GENERAL.—A conveyance of property pursuant to this section shall be made—*

*(A) without the payment of consideration; and*

*(B) subject to such terms and conditions as the Secretary may consider appropriate.*

*(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), any conveyance of property comprising the Point Arena Light Station pursuant to subsection (a) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof ceases to be maintained as a nonprofit center for public benefit for the interpretation and preservation of the maritime history of Point Arena, California.*

*(3) MAINTENANCE OF NAVIGATION FUNCTIONS.—Any conveyance of property pursuant to this section shall be subject to such conditions as the Secretary considers to be necessary to assure that—*

*(A) the light, antennas, sound signal, and associated lighthouse equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States for as long as they are needed for this purpose;*

*(B) the Point Arena Lighthouse Keepers, Inc., or any successors or assigns, may not interfere or allow interference in any manner with such aids to navigation without express written permission from the United States;*

*(C) there is reserved to the United States the right to relocate, replace, or add any aids to navigation, or make any changes to the Point Arena Light Station as may be necessary for navigation purposes;*

*(D) the United States shall have the right, at any time, to enter the property conveyed without notice for the purpose of maintaining navigation aids;*

*(E) the United States shall have an easement of access to such property for the purpose of maintaining the navigational aids in use on the property; and*

*(F) the Point Arena Light Station shall revert to the United States at the end of the 30-day period beginning on any date on which the Secretary of Transportation provides written notice to the Point Arena Lighthouse Keepers, Inc., that the Point Arena Light Station is needed for national security purposes.*

*(4) MAINTENANCE OF PROPERTY.—Any conveyance of property under this section shall be subject to the condition that the Point Arena Lighthouse Keepers, Inc., shall maintain the Point Arena Light Station in accordance with the provisions of the National Historic Preservation Act (16 U.S.C. 470 et seq.) and other applicable laws.*

*(5) OBLIGATION LIMITATION.—The Point Arena Lighthouse Keepers, Inc., or any successors or assigns, shall not have any obligation to maintain any active aid to navigation equipment on property conveyed pursuant to this section.*

*(c) MAINTENANCE STANDARD.—The Point Arena Lighthouse Keepers, Inc., or any successor or assign, at its own cost and expense, shall maintain, in a proper, substantial and workmanlike manner, all properties conveyed.*

*(d) DEFINITIONS.—For purposes of this section—*

*(1) the term ''Point Arena Light Station'' means the Coast Guard property and improvements located at Point Arena, California, including the light tower building, fog signal building, 2 small shelters, 4 residential quarters, and a restroom facility; and*

*(2) the term ''Secretary'' means the Secretary of the department in which the Coast Guard is operating.*

***SEC. 1006. CONVEYANCE OF PROPERTY IN KETCHIKAN, ALASKA.***

*(a) AUTHORITY TO CONVEY.—The Secretary of Transportation, in cooperation with the Administrator of the General Services Administration, shall convey to the Ketchikan Indian Corporation in Ketchikan, Alaska, without reimbursement and by no later than 120 days after the date of enactment of this Act, all right, title, and interest of the United States in and to the property known as the ''Former Marine Safety Detachment'' as identified in Report of Excess Number CG–689 (GSA Control Number 9–U–AK–0747) and described in subsection (b), for use as a health or social services facility.*

*(b) IDENTIFICATION OF PROPERTY.—The property referred to in subsection (a) is real property located in the city of Ketchikan, Township 75 south, range 90 east, Copper River Meridian, First Judicial District, State of Alaska, and commencing at corner numbered 10, United States*

*Survey numbered 1079, the true point of beginning for this description: Thence north 24 degrees 04 minutes east, along the 10–11 line of said survey a distance of 89.76 feet to corner numbered 1 of lot 5B; thence south 65 degrees 56 minutes east a distance of 345.18 feet to corner numbered 2 of lot 5B; thence south 24 degrees 04 minutes west a distance of 101.64 feet to corner numbered 3 of lot 5B; thence north 64 degrees 01 minute west a distance of 346.47 feet to corner numbered 10 of said survey, to the true point of beginning, consisting of 0.76 acres (more or less), and all improvements located on that property, including buildings, structures, and equipment.*

*(c) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to subsection (a), any conveyance of property described in subsection (b) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof, ceases to be used as a health or social services facility.*

***SEC. 1007. CONVEYANCE OF PROPERTY IN TRAVERSE CITY, MICHIGAN.***

*(a) AUTHORITY TO CONVEY.—The Secretary of Transportation (or any other official having control over the property described in subsection (b)) shall expeditiously convey to the Traverse City Area Public School District in Traverse City, Michigan, without consideration, all right, title, and interest of the United States in and to the property described in subsection (b), subject to all easements and other interests in the property held by any other person.*

*(b) IDENTIFICATION OF PROPERTY.—The property referred to in subsection (a) is real property located in the city of Traverse City, Grand Traverse County, Michigan, and consisting of that part of the southeast 1/4 of Section 12, Township 27 North, Range 11 West, described as: Commencing at the southeast 1/4 corner of said Section 12, thence north 03 degrees 05 minutes 25 seconds east along the East line of said Section, 1074.04 feet, thence north 86 degrees 36 minutes 50 seconds west 207.66 feet, thence north 03 degrees 06 minutes 00 seconds east 572.83 feet to the point of beginning, thence north 86 degrees 54 minutes 00 seconds west 1,751.04 feet, thence north 03 degrees 02 minutes 38 seconds east 330.09 feet, thence north 24 degrees 04 minutes 40 seconds east 439.86 feet, thence south 86 degrees 56 minutes 15 seconds east 116.62 feet, thence north 03 degrees 08 minutes 45 seconds east 200.00 feet, thence south 87 degrees 08 minutes 20 seconds east 68.52 feet, to the southerly right-of-way of the C & O Railroad, thence south 65 degrees 54 minutes 20 seconds east along said right-of-way 1508.75 feet, thence south 03 degrees 06 minutes 00 seconds west 400.61 to the point of beginning, consisting of 27.10 acres of land, and all improvements located on that property including buildings, structures, and equipment.*

*(c) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to subsection (a) or (d), any conveyance of property described in subsection (b) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof, ceases to be used by the Traverse City Area Public School District.*

*(d) TERMS OF CONVEYANCE.—The conveyance of property under this section shall be subject to such conditions as the Secretary considers to be necessary to assure that—*

*(1) the pump room located on the property shall continue to be operated and maintained by the United States for as long as it is needed for this purpose;*

*(2) the United States shall have an easement of access to the property for the purpose of operating and maintaining the pump room; and*

*(3) the United States shall have the right, at any time, to enter the property without notice for the purpose of operating and maintaining the pump room.*

***SEC. 1008. TRANSFER OF COAST GUARD PROPERTY IN NEW SHOREHAM, RHODE ISLAND.***

*(a) REQUIREMENT.—The Secretary of Transportation (or any other official having control over the property described in subsection (b)) shall expeditiously convey to the town of New Shoreham, Rhode Island, without consideration, all right, title, and interest of the United States in and to the property known as the United States Coast Guard Station Block Island, as described in subsection (b), subject to all easements and other interest in the property held by any other person.*

*(b) PROPERTY DESCRIBED.—The property referred to in subsection (a) is real property (including buildings and improvements) located on the west side of Block Island, Rhode Island, at the entrance to the Great Salt Pond and referred to in the books of the Tax Assessor of the town of New Shoreham, Rhode Island, as lots 10 and 12, comprising approximately 10.7 acres.*

*(c) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to subsection (a), any conveyance of property under subsection (a) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof, ceases to be used by the town of New Shoreham, Rhode Island.*

***SEC. 1009. CONVEYANCE OF PROPERTY IN SANTA CRUZ, CALIFORNIA.***

*(a) AUTHORITY TO CONVEY.—*

*(1) IN GENERAL.—The Secretary may convey to the Santa Cruz Port District by an appropriate means of conveyance, all right, title, and interest of the United States in and to the property described in paragraph (2).*

*(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.*

*(b) CONSIDERATION.—Any conveyance of property pursuant to this section shall be made without payment of consideration.*

*(c) CONDITION.—The conveyance provided for in subsection (a) may be made contingent upon agreement by the Port District that—*

*(1) the utility systems, building spaces, and facilities or any alternate, suitable facilities and buildings on the harbor premises would be available for joint use by the Port District and the Coast Guard when deemed necessary by the Coast Guard; and*

*(2) the Port District would be responsible for paying the cost of maintaining, operating, and replacing (as necessary) the utility systems and any buildings and facilities located on the property as described in subsection (a) or on any alternate, suitable property on the harbor premises set aside for use by the Coast Guard.*

*(d) REVERSIONARY INTEREST.—Any conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in Subunit Santa Cruz shall immediately revert to the United States:*

*(1) If Subunit Santa Cruz ceases to be maintained as a nonprofit center for education, training, administration, and other public service to include use by the Coast Guard;*

*(2) at the end of the thirty day period beginning on any date on which the Secretary provides written notice to the Santa Cruz Port District that Subunit Santa Cruz is needed for national security purposes.*

*(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.*

*(f) DEFINITIONS.—For purposes of this section—*

*(1) ''Subunit Santa Cruz'' means the Coast Guard property and improvements located at Santa Cruz, California;*

*(2) ''Secretary'' means the Secretary of the department in which the Coast Guard is operating; and*

*(3) ''Port District'' means the Santa Cruz Port District, or any successor or assign.*

***SEC. 1010. CONVEYANCE OF VESSEL S/S RED OAK VICTORY.***

*(a) IN GENERAL.—Notwithstanding any other law, the Secretary of Transportation may convey the right, title, and interest of the United States Government in and to the vessel S/S RED OAK VICTORY (Victory Ship VCS–AP2; United States Navy Hull No. AK235) to the City of Richmond Museum Association, Inc., located in Richmond, California (in this section referred to as ''the recipient''), if—*

*(1) the recipient agrees to use the vessel for the purposes of a monument to the wartime accomplishments of the City of Richmond;*

*(2) the vessel is not used for commercial transportation purposes;*

*(3) the recipient agrees to make the vessel available to the Government if the Secretary requires use of the vessel by the Government for war or a national emergency;*

*(4) the recipient agrees to hold the Government harmless for any claims arising from exposure to asbestos after conveyance of the vessel, except for claims arising from use by the Government under paragraph (3); and*

*(5) the recipient has available, for use to restore the vessel, in the form of cash, liquid assets, or a written loan commitment, financial resources of at least $100,000.*

*(b) DELIVERY OF VESSEL.—If a conveyance is made under this section, the Secretary shall deliver the vessel at the place where the vessel is located on the date of enactment of this Act, in its present condition, without cost to the Government.*

*(c) OTHER UNNEEDED EQUIPMENT.—The Secretary may convey to the recipient any unneeded equipment from other vessels in the National Defense Reserve Fleet for use to restore the S/S RED OAK VICTORY to museum quality.*

*(d) RETENTION OF VESSEL IN NDRF.—The Secretary shall retain in the National Defense Reserve Fleet the vessel authorized to be conveyed under subsection (a), until the earlier of—*

*(1) 2 years after the date of the enactment of this Act; or*

*(2) the date of conveyance of the vessel under subsection (a).*

## *TITLE XI—MISCELLANEOUS*

***SEC. 1101. FLORIDA AVENUE BRIDGE.***

*For purposes of the alteration of the Florida Avenue Bridge (located approximately 1.63 miles east of the Mississippi River on the Gulf Intracoastal Waterway in Orleans Parish, Louisiana) ordered by the Secretary of Transportation under the Act of June 21, 1940 (33 U.S.C. 511 et seq.), the Secretary shall treat the drainage siphon that is adjacent to the bridge as an appurtenance of the bridge, including with respect to apportionment and payment of costs for the removal of the drainage siphon in accordance with that Act.*

***SEC. 1102. OIL SPILL RECOVERY INSTITUTE.***

*(a) ADVISORY BOARD AND EXECUTIVE COMMITTEE.—Section 5001 of the Oil Pollution Act of 1990 (33 U.S.C. 2731) is amended—*

*(1) by striking ''to be administered by the Secretary of Commerce'' in subsection (a);*

*(2) by striking ''and located'' in subsection (a) and inserting ''located'';*

*(3) by striking ''the EXXON VALDEZ oil spill'' each place it appears in subsection (b)(2) and inserting ''Arctic or Subarctic oil spills'';*

*(4) by striking ''18'' in subsection (c)(1) and inserting ''14'';*

*(5) by striking ''Game, and Environmental Conservation, Natural Resources, and Commerce and Economic Development'' in subsection (c)(1)(A) and inserting ''Game and Economic Development'';*

*(6) by striking subsection (c)(1) (B), (C), and (D);*

*(7) by redesignating subparagraphs (E) and (F) of subsection (c)(1) as subparagraphs (G) and (H), respectively;*

*(8) by inserting after subparagraph (A) of subsection (c)(1) the following:*

*''(B) One representative appointed by each of the Secretaries of Commerce and Transportation, who shall be Federal employees.*

*''(C) Two representatives from the fishing industry appointed by the Governor of the State of Alaska from among residents of communities in Alaska that were affected by the EXXON VALDEZ oil spill, who shall serve terms of 2 years each. Interested organizations from within the fishing industry may submit the names of qualified individuals for consideration by the Governor.*

*''(D) Two Alaska Natives who represent Native entities affected by the EXXON VALDEZ oil spill, at least one of whom represents an entity located in Prince William Sound, appointed by the Governor of Alaska from a list of 4 qualified individuals submitted by the Alaska Federation of Natives, who shall serve terms of 2 years each.*

*''(E) Two representatives from the oil and gas industry to be appointed by the Governor of the State of Alaska who shall serve terms of 2 years each. Interested organizations from within the oil and gas industry may submit the names of qualified individuals for consideration by the Governor.*

*''(F) Two at-large representatives from among residents of cummunities in Alaska that were affected by the EXXON VALDEZ oil spill who are knowledgeable about the marine environment and wildlife within Prince William Sound, and who shall serve terms of 2 years each, appointed by the remaining members of the Advisory Board. Interested parties may submit the names of qualified individuals for consideration by the Advisory Board.'';*

*(9) adding at the end of subsection (c) the following:*

*''(4) EVALUATION.—The Advisory Board will request a scientific review of the research program every five years by the National Academy of Sciences which will perform the review as part of its responsibilities under Section 7001(b)(2).'';*

*(10) by striking ''the EXXON VALDEZ oil spill'' in subsection (d)(2) and inserting ''Arctic or Subarctic oil spills'';*

*(11) by striking ''Secretary of Commerce'' in subsection (e) and inserting ''Advisory Board'';*

*(12) by striking ''the Advisory Board,'' in subsection (e);*

*(13) by striking ''Secretary's'' in subsection (e) and inserting ''Advisory Board's'';*

*(14) by inserting ''authorization in section 5006(b) providing funding for the'' in subsection (i) after ''The'';*

*(15) by striking ''this Act'' in subsection (i) and inserting ''the Coast Guard Authorization Act of 1995''; and*

*(16) by inserting ''The Advisory Board may compensate its Federal representatives for their reasonable travel costs.'' in subsection (j) after ''Institute.''.*

*(b) FUNDING.—Section 5006 of the Oil Pollution Act of 1990 (33 U.S.C. 2736) is amended by—*

*(1) striking subsection (a), redesignating subsection (b) as subsection ''(a)'';*

*(2) striking ''5003'' in the caption of subsection (a), as redesignated, and inserting ''5001, 5003,'';*

*(3) inserting ''to carry out section 5001 in the amount as determined in section 5006(b), and'' after ''limitation,'' in the text of subsection (a), as redesignated; and*

*(4) adding at the end thereof the following:*

*''(b) USE OF INTEREST ONLY.—The amount of funding to be made available annually to carry out section 5001 shall be the interest produced by the Fund's investment of the $22,500,000 remaining funding authorized for the Prince William Sound Oil Spill Recovery Institute and currently deposited in the Fund and invested by the Secretary of the Treasury in income producing securities along with other funds comprising the Fund.*

*''(c) USE FOR SECTION 1012.—Beginning with the eleventh year following the date of enactment of the Coast Guard Authorization Act of 1995, the funding authorized for the Prince William Sound Oil Spill Recovery Institute and deposited in the Fund shall thereafter be made available for purposes of section 1012 in Alaska.''.*

*(c) CONFORMING AMENDMENTS.—*

*(1) Section 6002(b) of the Oil Pollution Act of 1990 (33 U.S.C. 2752(b)) is amended by striking ''5006(b)'' and inserting ''5006''.*

*(2) Section 7001(c)(9) the Oil Pollution Act of 1990 (33 U.S.C. 2761(c)(9)) is amended by striking the period at the end thereof and inserting ''until the authorization for funding under section 5006(b) expires''.*

***SEC. 1103. LIMITED DOUBLE HULL EXEMPTIONS.***

*(a) IN GENERAL.—The double hull construction requirements of section 3703a of title 46, United States Code, do not apply to—*

*(1) a vessel equipped with a double hull before August 12, 1992; or*

*(2) a barge of less than 1,200 gross tons carrying refined petroleum product in bulk as cargo in or adjacent to waters of the Bering Sea, Chukchi Sea, and Arctic Ocean and waters tributary thereto and in the waters of the Aleutian Islands and the Alaskan Peninsula west of 155 degrees west longitude.*

*(b) AUTHORITY OF THE SECRETARY OF TRANSPORTATION.—*

*(1) OPERATION OF BARGES IN OTHER WATERS.—The operation of barges described in subsection (a)(2) outside waters described in that subsection shall be on such conditions as the Secretary of Transportation may require.*

*(2) NO EFFECT ON OTHER AUTHORITY OF THE SECRETARY.—Except as provided in subsection (a), nothing in this section affects the authority of the Secretary of Transportation to regulate the construction, operation, or manning of barges and vessels in accordance with applicable laws and regulations.*

*(c) BARGE DEFINED.—For purposes of this section, the term ''barge'' has the meaning given that term in section 2101 of title 46, United States Code.*

***SEC. 1104. OIL SPILL RESPONSE VESSELS.***

*(a) DESCRIPTION.—Section 2101 of title 46, United States Code, is amended—*

*(1) by redesignating paragraph (20a) as (20b); and*

*(2) by inserting after paragraph (20) the following new paragraph:*

*''(20a) 'oil spill response vessel' means a vessel that is designated in its certificate of inspection as such a vessel, or that is adapted to respond to a discharge of oil or a hazardous material.''.*

*(b) EXEMPTION FROM LIQUID BULK CARRIAGE REQUIREMENTS.—Section 3702 of title 46, United States Code, is amended by adding at the end thereof the following:*

*''(f) This chapter does not apply to an oil spill response vessel if—*

*''(1) the vessel is used only in response-related activities; or*

*''(2) the vessel is—*

*''(A) not more than 500 gross tons;*

*''(B) designated in its certificate of inspection as an oil spill response vessel; and*

*''(C) engaged in response-related activities.''.*

*(c) MANNING.—Section 8104(p) of title 46, United States Code, is amended to read as follows:*

*''(p) The Secretary may prescribe the watchstanding and work hours requirements for an oil spill response vessel.''.*

*(d) MINIMUM NUMBER OF LICENSED INDIVIDUALS.—Section 8301(e) of title 46, United States Code, is amended to read as follows:*

*''(e) The Secretary may prescribe the minimum number of licensed individuals for an oil spill response vessel.''.*

*(e) MERCHANT MARINER DOCUMENT REQUIREMENTS.—Section 8701(a) of title 46, United States Code, is amended—*

*(1) by striking ''and'' after the semicolon at the end of paragraph (7),*

*(2) by striking the period at the end of paragraph (8) and inserting a semicolon and ''and''; and*

*(3) by adding at the end thereof the following new paragraph:*

*''(9) the Secretary may prescribe the individuals required to hold a merchant mariner's document serving onboard an oil spill response vessel.''.*

*(f) EXEMPTION FROM TOWING VESSEL REQUIREMENT.—Section 8905 of title 46, United States Code, is amended by adding at the end the following new subsection:*

*''(c) Section 8904 of this title does not apply to an oil spill response vessel while engaged in oil spill response or training activities.''.*

*(g) INSPECTION REQUIREMENT.—Section 3301 of title 46, United States Code, is amended by adding at the end the following new paragraph:*

*''(14) oil spill response vessels.''.*

***SEC. 1105. SENSE OF THE CONGRESS REGARDING PASSENGERS ABOARD COMMERCIAL VESSELS.***

*It is the sense of the Congress that section 521(a)(1) of Public Law 103–182 (19 U.S.C. 58c(a)(5)) was intended to require the collection and remission of a fee from each passenger only one time in the course of a single voyage aboard a commercial vessel.*

***SEC. 1106. CALIFORNIA CRUISE INDUSTRY REVITALIZATION.***

*Section 5(b)(2) of the Act of January 2, 1951 (15 U.S.C. 1175(b)(2)), commonly referred to as the ''Johnson Act'', is amended by adding at the end thereof the following:*

*''(C) EXCLUSION OF CERTAIN VOYAGES AND SEGMENTS.—Except for a voyage or segment of a voyage that occurs within the boundaries of the State of Hawaii, a voyage or segment of a voyage is not described in subparagraph (B) if it includes or consists of a segment—*

*''(i) that begins and ends in the same State;*

*''(ii) that is part of a voyage to another State or to a foreign country; and*

*''(iii) in which the vessel reaches the other State or foreign country within 3 days after leaving the State in which it begins.''.*

***SEC. 1107. LOWER COLUMBIA RIVER MARINE FIRE AND SAFETY ACTIVITIES.***

*The Secretary of Transportation is authorized to expend out of the amounts appropriated for the Coast Guard for fiscal year 1996 not more than $491,000 for lower Columbia River marine, fire, oil, and toxic spill response communications, training, equipment, and program administration activities conducted by the Marine Fire and Safety Association.*

***SEC. 1108. OIL POLLUTION RESEARCH TRAINING.***

*Section 7001(c)(2)(D) of the Oil Pollution Act of 1990 (33 U.S.C. 2761(c)(2)(D)) is amended by striking ''Texas;'' and inserting ''Texas, and the Center for Marine Training and Safety in Galveston, Texas;''.*

***SEC. 1109. LIMITATION ON CONSOLIDATION OR RELOCATION OF HOUSTON AND GALVESTON MARINE SAFETY OFFICES.***

*The Secretary of Transportation may not consolidate or relocate the Coast Guard Marine Safety Offices in Galveston, Texas, and Houston, Texas.*

***SEC. 1110. UNINSPECTED FISH TENDER VESSELS.***

*Section 3302 of Title 46, United States Code, is amended in subsection (c)(3)(A) by adding ''(including fishery-related products)'' after the word ''cargo''.*

***SEC. 1111. FOREIGN PASSENGER VESSEL USER FEES.***

*Section 3303 of title 46, United States Code, is amended—*

*(1) by striking ''(a) Except as'' in subsection (a); and*

*(2) by striking subsection (b).*

***SEC. 1112. COAST GUARD USER FEES.***

*(a) FINDINGS.—The Congress finds the following:*

*(1) The Secretary of Transportation is authorized under subsection 10401(g) of the Omnibus*

*Budget Reconciliation Act of 1990 (46 U.S.C. 2110(g)) to exempt persons from the requirement to pay Coast Guard inspection user fees if it is in the public interest to do so.*

*(2) Publicly-owned ferries serve the public interest by providing necessary, and in many cases, the only available, transportation between locations divided by bodies of water.*

*(3) Small passenger vessels serve the public interest by providing vital small business opportunities in virtually every coastal city of the United States and by providing important passenger vessels services.*

*(4) During the Coast Guard inspection user fee rulemaking process, small passenger vessel operators informed the Coast Guard that proposed user fees were excessive and would force small passenger operators out of business, leaving many areas without small passenger vessel services required by the public.*

*(5) The Secretary of Transportation failed to adequately protect the public interest and failed to follow Congressional intent by establishing Coast Guard inspection user fees for small passenger vessels which exceed the ability of these small businesses to pay the fees and by establishing Coast Guard inspection user fees for publicly-owned ferries.*

*(b) LIMITS ON USER FEES.—Section 10401(g) of the Omnibus Budget Reconciliation Act of 1990 (46 U.S.C. 2110(a)(2)) is amended by adding after ''annually.'' the following: ''The Secretary may not establish a fee or charge under paragraph (1) for inspection or examination of a small passenger vessel under this title that is more than $300 annually for such vessels under 65 feet in length, or more than $600 annually for such vessels 65 feet in length and greater. The Secretary may not establish a fee or charge under paragraph (1) for inspection or examination under this title for any publicly-owned ferry.''.*

***SEC. 1113. VESSEL FINANCING.***

*(a) DOCUMENTATION CITIZEN ELIGIBLE MORTGAGEE.—Section 31322(a)(1)(D) of title 46, United States Code, is amended—*

*(1) by striking ''or'' at the end of clause (v);*

*(2) by striking the period at the end of clause (vi) and inserting ''or''; and*

*(3) by adding at the end the following:*

*''(vii) a person eligible to own a documented vessel under chapter 121 of this title.''.*

*(b) AMENDMENT TO TRUSTEE RESTRICTIONS.—Section 31328(a) of title 46, United States Code, is amended—*

*(1) by striking ''or'' at the end of paragraph (3);*

*(2) by striking the period at the end of paragraph (4) and inserting ''or''; and*

*(3) by adding at the end the following:*

*''(5) is a person eligible to own a documented vessel under chapter 121 of this title.''.*

*(c) LEASING.—Section 12106 of title 46, United States Code, is amended by adding at the end the following:*

*''(e)(1) A certificate of documentation for a vessel may be endorsed with a coastwise endorsement if—*

*''(A) the vessel is eligible for documentation under section 12102;*

*''(B) the person that owns the vessel, a parent entity of that person, or a subsidiary of a parent entity of that person, is engaged in leasing;*

*''(C) the vessel is under a demise charter to a person qualifying as a citizen of the Untied States for engaging in the coastwise trade under section 2 of the Shipping Act, 1916;*

*''(D) the demise charter is for—*

*''(i) a period of at least 3 years; or*

*''(ii) a shorter period as may be prescribed by the Secretary; and*

*''(E) the vessel is otherwise qualified under this section to be employed in the coastwise trade.*

*''(2) Upon default by a bareboat charterer of a demise charter required under paragraph (1)(D), the coastwise endorsement of the vessel may, in the sole discretion of the Secretary, be continued after the termination for default of the demise charter for a period not to exceed 6 months on terms and conditions as the Secretary may prescribe.*

*''(3) For purposes of section 2 of the Shipping Act, 1916, and section 12102(a) of this title, a vessel meeting the criteria of subsection is deemed to be owned exclusively by citizens of the United States.''.*

*(d) CONFORMING AMENDMENT.—Section 9(c) of the Shipping Act, 1916, as amended (46 U.S.C. App. 808(c)) is amended by striking ''sections 31322(a)(1)(D)'' and inserting ''sections 12106(e), 31322(a)(1)(D),''.*

***SEC. 1114. MANNING AND WATCH REQUIREMENTS ON TOWING VESSELS ON THE GREAT LAKES.***

*(a) Section 8104(c) of title 46, United States Code, is amended—*

*(1) by striking ''or permitted''; and*

*(2) by inserting after ''day'' the following: ''or permitted to work more than 15 hours in any 24-hour period, or more than 36 hours in any 72-hour period''.*

*(b) Section 8104(e) of title 46, United States Code, is amended by striking ''subsections (c) and (d)'' and inserting ''subsection (d)''.*

*(c) Section 8104(g) of title 46, United States Code, is amended by striking ''(except a vessel to which subsection (c) of this section applies)''.*

***SEC. 1115. REPEAL OF GREAT LAKES ENDORSEMENTS.***

*(a) REPEAL.—Section 12107 of title 46, United States Code, is repealed.*

*(b) CONFORMING AMENDMENTS.—*

*(1) The analysis at the beginning of chapter 121 of title 46, United States Code, is amended by striking the item relating to section 12107.*

*(2) Section 12101(b)(3) of title 46, United States Code, is repealed.*

*(3) Section 4370(a) of the Revised Statutes of the United States (46 App. U.S.C. 316(a)) is amended by striking ''or 12107''.*

*(4) Section 2793 of the Revised Statutes of the United States (46 App. U.S.C. 111, 123) is amended—*

*(A) by striking ''coastwise, Great Lakes endorsement'' and all that follows through ''foreign ports,'' and inserting ''registry endorsement, engaged in foreign trade on the Great Lakes or their tributary or connecting waters in trade with Canada,''; and*

*(B) by striking '', as if from or to foreign ports''.*

*(5) Section 9302(a)(1) of title 46, United States Code, is amended by striking ''subsections (d) and (e)'' and inserting ''subsections (d), (e) and (f)''.*

*(6) Section 9302(e) of title 46, United States Code, is amended by striking ''subsections (a) and (b)'' and inserting ''subsection (a)''.*

*(7) Section 9302 of title 46, United States Code, is amended by adding at the end the following new subsection:*

*''(f) A United States vessel operating between ports on the Great Lakes or between ports on the Great Lakes and the St. Lawrence River carrying no cargo obtained from a foreign port outside of the Great Lakes or carrying no cargo bound for a foreign port outside of the Great Lakes, is exempt from the requirements of subsection (a) of this section.''.*

***SEC. 1116. RELIEF FROM U.S. DOCUMENTATION REQUIREMENTS.***

*(a) IN GENERAL.—Notwithstanding any other law or any agreement with the United States Government, a vessel described in subsection (b) may be sold to a person that is not a citizen of the United States and transferred to or placed under a foreign registry.*

*(b) VESSELS DESCRIBED.—The vessels referred to in subsection (a) are the following:*

*(1) RAINBOW HOPE (United States official number 622178).*

*(2) IOWA TRADER (United States official number 642934).*

*(3) KANSAS TRADER (United States official number 634621).*

*(4) MV PLATTE (United States official number number 653210).*

*(5) SOUTHERN (United States official number 591902).*

*(6) ARZEW (United States official number 598727).*

Mr. STEVENS. Mr. President, the Coast Guard Authorization Act of 1995 (S. 1004) is bipartisan legislation to reauthorize the activities of the U.S. Coast Guard for fiscal year 1996.

On March 15, 1995, the Committee on Commerce, Science, and Transportation held a hearing to review the administration's request for this bill.

Senators PRESSLER, HOLLINGS, KERRY, and BREAUX joined me as cosponsors of the legislation, which I introduced in June 1995.

The Commerce Committee reported my bill on July 20, 1995 and filed its report on October 19, 1995.

The manager's amendment I am offering improves on the reported bill and adds several new provisions that were requested by the Coast Guard or Members of the Senate, or that were included in the House-passed Coast Guard bill.

Senators PRESSLER, HOLLINGS, KERRY, SNOWE, and HUTCHISON join me as cosponsors of the amendment.

The bill authorizes a total of $3.69 billion for the Coast Guard in fiscal 1996, including $2.6 million for operations and maintenance, $428 million for acquisition and construction, and $582 million for retired pay.

It authorizes an end-of-year military strength for Coast Guard active duty personnel at 38,400 for fiscal year 1996.

I cannot emphasize enough how important the Coast Guard is in protecting the lives of Americans along the coasts.

On the average day, the Coast Guard will save 14 lives in the United States alone, and assist 328 people.

On the average day, the Coast Guard will save $2.5 million in property, and will seize almost 400 pounds of marijuana and cocaine.

On the average day, the Coast Guard will interdict 176 illegal immigrants, and conduct 191 search and rescue missions.

In 1 year—in Alaska alone—the Coast Guard will save approximately 200 lives.

I cannot emphasize enough how much the Coast Guard means to Alaskans and to Americans who work out on the ocean or use our waterways for recreation.

I want like to take this opportunity to thank Admiral Kramek, the Commandant of the Coast Guard, and to specifically thank the Commander of the 17th District, Admiral Ernest Riutta, and all of the Coast Guard personnel in Alaska for their dedication to the protection of Alaskans.

The Coast Guard is an integral part of our coastal communities in Alaska, and we are grateful for their presence.

I also want to note that 2 days ago the President signed the Transportation appropriations bill we passed for

the next fiscal year, so the Coast Guard was only temporarily affected by the current government shutdown.

I am offering a separate amendment (cosponsored by Senators CHAFEE, SNOWE, and BREAUX) to fix a problem in the Oil Pollution Act of 1990 [OPA] relating to financial responsibility requirements for offshore facilities.

The section of OPA we are fixing is under the jurisdiction of the Environment and Public Works Committee. My summary contains an explanation of the changes we are making.

An amendment Senator KERRY is offering would modify the existing coordinates of an Army Corps of Engineers dredging project in Cohasset Harbor.

This provision, too, is under the jurisdiction of the Environment and Public Works Committee.

I further request that my summary of the bill be printed in the RECORD.

Before I conclude, I want to thank the Commerce Committee staff who helped us prepare this legislation: Tom Melius, Jim Sartucci, and Trevor McCabe on the majority side and Penny Dalton, Lila Helms and Carl Bentzel on the minority side.

I also want to thank Admiral Kramek and the Coast Guard for their help with the bill. We've particularly appreciated the assistance of Coast Guard Congressional Liaison personnel: Captain Guy Goodwin (Chief of Congressional Affairs), Commander John Jaskot (Senate Liaison Officer), and Commander Larry Kiern (Counsel for Congressional Affairs).

I know of no opposition to the bill or amendments we are offering today.

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

SUMMARY OF S. 1004

The reported bill authorizes appropriations for the Coast Guard in the amount of 3.69 billion dollars for fiscal year 1996. It authorizes end of year military strengths for active duty personnel of 38,400 for fiscal year 1996 and authorizes several personnel management improvements requested by the Coast Guard.

In the area of marine safety and waterway services management, the bill imposes a new civil penalty for alcohol and dangerous drug testing violations, increases existing civil penalties for documentation, marine casualty reporting, and uninspected vessel manning violations, and enables the Coast Guard to collect foreign passenger vessel inspection user fees.

The bill renews several advisory committees that provide the Coast Guard with key private sector input, authorizes the electronic filing of certain vessel commercial instruments, and establishes a new regulatory system for oil spill response vessels. It amends certain document endorsement and towing vessel manning requirements to improve the competitiveness of Great Lakes vessels.

The bill improves the management of the Coast Guard Auxiliary, a 36,000 member volunteer organization that provides the Coast Guard with low-cost assistance with its boating safety mission. It defines the status of and provides protection for Auxiliary members while performing official Coast Guard duties. It also improves their ability to cooperate with State authorities and obtain excess Coast Guard resources.

The bill improves recreational boating safety by restructuring the process for providing states with recreational boating safety grants, stimulating non-trailerable vessel facility construction, requiring young children to wear a Coast Guard approved personal flotation device under certain circumstances, and requiring a plan to increase the reporting of vessel accidents.

A key provision of the bill reduces the regulatory burden on U.S. commercial vessel operators by shifting away from excessive U.S. vessel standards towards accepted international standards. This title also authorizes the use of third party and self inspection programs as alternatives to Coast Guard inspections and extends U.S. vessel inspection intervals. These changes are supported by the Coast Guard, and will enable Coast Guard inspectors to focus more on the problem of substandard foreign vessels calling on U.S. ports. The bill also includes numerous technical changes to authorize the establishment of alternate international vessel measurement system requirements for existing statutes that contain U.S. vessel measurement thresholds. These alternate tonnages will enable U.S. vessel designers and operators to be competitive in the international vessel market.

The bill strengthens statutes intended to reduce pollution from ships, establishes a Marine Debris Coordinating Committee to improve the effectiveness of marine pollution statutes, and continues and improves an existing pollution prevention public outreach program.

The bill includes a number of provisions to strengthen the Coast Guard's authority to combat drug smuggling by sea and air, and to protect Coast Guard personnel during boardings at sea.

The bill provides for the conveyances of several pieces of Coast Guard property which the Coast Guard no longer needs, as well as several miscellaneous provisions.

SUMMARY OF STEVENS AMENDMENT

The amendment makes a number of technical corrections to the bill. Among its substantive provisions, the amendment: (1) enhances the federal government's ability to collect fines and penalties from owners and operators of foreign vessels that call on U.S. ports; (2) authorizes the conveyance of unneeded National Defense Reserve Fleet equipment to museum ships; (3) provides new authority for the Coast Guard, similar to the authority that has been included in the Defense authorization bill for other branches, to obtain family housing units, unaccompanied housing units and support facilities; (4) authorizes the Coast Guard to exchange its dock and facilities in downtown Juneau, Alaska for other property it determines suitable; (5) establishes a nonjudicial alternative to Federal court action for marine lenders in cases of vessel defaults; (6) authorizes the use of Canadian oil spill response and recovery vessels in the U.S. waters adjacent to Canada at the Maine border in emergencies when no suitable U.S. vessels are available; (7) facilitates the sale by courts of recreational vessels to non-U.S. citizens; (8) improves the Coast Guard's authority to sell recyclable material; (9) authorizes waivers to the Jones Act for several vessels; and (10) authorizes an experimental vessel inspection program in the State of Minnesota.

The amendment also makes certain changes to section 1113 of the reported bill to ensure that the section is not used to circumvent U.S. coastwise laws. The purpose of the section is to eliminate technical impediments to certain financing techniques for vessels in the domestic trade.

Section 1113 adds a new subsection (''(e)'') to section 12106 of title 46, United States Code, to permit coastwise endorsements for vessels owned by non-U.S. citizens where: 1) the owner is primarily engaged in the financing of the vessel; and 2) where the owner has transferred, through a bona fide demise charter of at least three years, full possession, control and command of the vessel to a person qualifying as a citizen of the United States, so that the demise charterer is considered the owner pro hac vice during the charter term. The amendment ensures that the demise charter is bona fide by requiring a certification that no other agreements, arrangements or understandings (other than the demise charter) exist between the owner and charterer, and a requirement that the charter hire not be significantly greater than that prevailing in the commercial market. The latter requirement is intended to ensure that the ''owner'' under the demise charter is a bona fide lessor.

The Secretary of Transportation establish the necessary regulations to administer the new subsection, including providing for the filing of demise charters and amendments to such demise charters for vessels issued coastwise endorsements under the new subsection, as part of the vessel documentation procedures administered by the Coast Guard, or its successor. Provisions will also be made so that interested persons can register their concerns with respect to any lease finance transaction which may not be bona fide. Section 1113 prohibits vessels which receive documentation or a coastwise endorsement under the new subsection 12106(e) from receiving a fishery endorsement under section 12108 of title 46, United States Code.

SUMMARY OF STEVENS/CHAFEE AMENDMENT

Section 1016 of the Oil Pollution Act of 1990 (OPA) requires a ''responsible party with respect to an offshore facility'' to ''establish and maintain evidence of financial responsibility in the amount of $150,000,000.'' ''Offshore facility'' is defined in OPA as ''any facility of any kind located in, on, or under the navigable waters of the United States,'' and ''facility'' under OPA is defined to include even motor vehicles. Further, the definition of ''navigable waters'' under the Clean Water Act is quite broad, encompassing wetlands and other areas. The Minerals Management Service (MMS) has concluded that it cannot issue regulations for this section of OPA because the $150 million financial responsibility requirement would apply too broadly, and the statute does not provide the agency with flexibility.

The amendment limits the application of the financial responsibility requirement to responsible parties with respect to offshore facilities that are: 1) seaward of the line of ordinary low water (i.e. seaward of the line of low tide and actually in the ocean, including inland bays and estuaries); 2) used for exploring for, drilling for, or producing oil, or for transporting oil from facilities engaged in exploration, drilling, or production; and 3) that have a worst case discharge potential of 1,000 barrels of oil or more. This narrows the broad meaning of section 1016 to include only the offshore facilities Congress intended in 1990. The President would have the discretionary authority to require evidence of financial responsibility for offshore facilities with a worst case discharge of less than 1,000 barrels if the facility poses risks necessary to justify such evidence.

In addition, the language lowers the amount of financial responsibility for responsible parties with respect to offshore facilities from $150 million down to $35 million for facilities outside of three miles, and to $10 million for facilities inside the State three-mile limits. The provision allows the

President to increase the amount (back up to $150 million) if the facility is determined to pose a risk requiring a higher amount, based on a risk assessment of a number of variables. If a State has financial responsibility requirements that are equal to or greater than the federal requirements, the federal requirements will not apply. This will help to eliminate duplicative reporting requirements for responsible parties in demonstrating evidence of financial responsibility for offshore facilities.

The amendment eliminates the problem under OPA as passed which would require even small and low-risk offshore facilities to have evidence of $150 million in oil spill liability coverage. The amendment will further prevent responsible parties with respect to marinas and other facilities which are not involved in exploration, drilling or the production of oil from having to satisfy financial responsibility requirements intended to apply to traditional offshore facilities engaged in these activities. Nothing in the provision affects the liability of responsible parties for oil spills under OPA, just the amount of financial responsibility they must show with respect to offshore facilities.

Mr. PRESSLER. Mr. President, I am pleased that today the Senate is considering S. 1004, the Coast Guard Authorization Act of 1995, along with a manager's amendment to the bill.

The Coast Guard has broad ranging responsibilities—from enforcing America's maritime laws to ensuring the safety of recreational boaters.

Like other Federal agencies, the Coast Guard faces the challenge of continuing to provide better government at less cost. It is clear the American taxpayers are demanding a smaller, more accountable federal government. At the same time, the demand for certain government services, including those provided by the Coast Guard, continues to be great. The Commandant of the Coast Guard, Adm. Robert E. Kramek, recently announced his national plan for streamlining the Coast Guard, which will save, on a cumulative basis, nearly $1 billion by the year 2005 and make available over $1 billion in property for other uses. Despite cuts of this magnitude, the Coast Guard will continue to perform all its current missions. I am pleased the Coast Guard is making a serious effort to improve it's efficiency while maintaining its effectiveness.

The bill before us authorizes appropriations for the Coast Guard for fiscal year 1996 and authorizes several management improvements requested by the Coast Guard. Many members on both sides of the aisle have expressed interest in this bill and we have addressed their requests as best we could. The bill and amendment have broad bipartisan support.

Mr. President, I would now like to make special mention of certain portions of the bill and amendment.

The bill improves the management of the Coast Guard Auxiliary, a 36,000 member volunteer organization that provides the Coast Guard with low-cost assistance with its boating safety mission. The bill also improves recreational boating safety by restructuring the process for providing States with recreational boating safety grants and stimulating nontrailerable vessel facility construction. These provisions will help ensure the safety of recreational boaters throughout the Nation, including places like Lewis and Clark Lake in my home State of South Dakota.

Mr. President, I believe the Coast Guard is up to the challenge of maintaining its status as the world's premier maritime organization despite the intense budget pressure. It is my belief this authorization bill provides the Coast Guard with the support it needs to meet that challenge.

Let me take this opportunity to thank the very capable Senator STEVENS, who is Chairman of our Oceans and Fisheries Subcommittee, for his leadership in developing this bill and amendment.

I would also like to recognize Senator HOLLINGS, the ranking Democratic member on the full committee for his bipartisanship throughout this process.

And finally, I wish to thank my colleagues for their contributions and support and I urge the adoption of the manager's amendment and passage of S. 1004.

Mr. HOLLINGS. Mr. President, in recent weeks there have been numerous battles on the Senate floor over efforts to take a budgetary meat ax to the Federal Government, eliminating agencies and slashing funding. Today, I am pleased to join with my Commerce Committee colleagues in supporting legislation to authorize the activities of one Federal agency, the U.S. Coast Guard, which has been spared by the budget hackers. The reason for this success is simple—there is bipartisan recognition that the Coast Guard has an important job and does it well. Indeed, the widespread support for the Coast Guard budget reflects the breadth and complexity of its missions—from protecting our maritime boundaries and the safety of life at sea to preserving the ocean environment and enforcing maritime laws and treaties. On an average day in 1994, the Coast Guard saved 14 lives, assisted 328 people, responded to 34 oil or hazardous chemical spills, inspected 64 commercial vessels, seized 379 pounds of illegal drugs, serviced 150 aids to navigation, and interdicted 174 illegal aliens.

Over the years, we have continued to ask the Coast Guard to do more with less. In typical fashion, the Coast Guard has responded with a streamlining plan that will trim $400 million from the budget by 1998 and allow personnel reductions of 4,000 people. As an example of the pragmatic approach the Coast Guard has taken in this plan, next summer we will welcome the Coast Guard high endurance cutters, *Dallas* and *Gallatin*, to their new homeport at the Charleston Navy Base. By relocating Coast Guard assets from expensive locales like Governors Island to areas where the quality of life is high and the cost of living is reasonable, everyone benefits. Coast Guard is better able to meet both its budgetary bottom line and its personnel needs.

Today, the Senate is considering S. 1004, the Coast Guard Authorization Act of 1995. The bill authorizes a Coast Guard budget of $3.7 billion in fiscal year 1996, covering six appropriations accounts: First, operating expenses; second, acquisition, construction, and improvement of equipment and facilities; third, research and development; fourth, retired pay; fifth, alteration and removal of bridges; and sixth, environmental compliance and restoration. The authorization levels are consistent with the administration's budget request for fiscal year 1996.

S. 1004 also provides for end-of-year military strength and training loads and addresses a backlog of Coast Guard-related administrative and policy issues. Among such issues, the bill provides for: Personnel administrative reforms requested by the administration, marine safety and waterways management improvements, updated authority for the Coast Guard Auxiliary, funding for State recreational boating safety grants, regulatory reforms for the U.S. maritime industry, tougher controls to reduce marine plastic pollution, and law enforcement enhancements to reduce drug smuggling and money laundering. At this point, I would like to highlight some key provisions of the legislation.

ALTERATION OF BRIDGES

Under the Truman-Hobbs Bridge Act, the Federal Government shares with the States the cost of altering publicly owned bridges that obstruct the free movement of marine traffic. The administration requested no funding for this account in fiscal year 1995, initiating a new policy under which the Coast Guard no longer will seek direct funding for alteration of highway bridges. Instead, the administration proposes that the Federal share of such projects be financed from the discretionary bridge program funds of the Federal Highway Administration, under the continuing program direction of the Coast Guard. This new policy would not apply to railroad bridges. S. 1004 provides the Secretary of Transportation—Secretary—with the discretionary authority to implement the administration policy.

BOAT SAFETY ACCOUNT

Similar to legislation approved by the committee last Congress, S. 1004 would ensure that States receive financial assistance for the development and implementation of a coordinated national recreational boating safety program. The State grants are not funded from general revenues, but rather from motorboat fuel tax revenues that are deposited in the Boat Safety Account of the Aquatic Resources Trust Fund—Wallop-Breaux Fund. The Wallop-Breaux Fund also supports State grant programs administered by the Department of the Interior [DOI]. Unlike the DOI programs, however, the Coast Guard grant program is scored against

agency operating expenses and competes directly with other Coast Guard missions for funding priority. S. 1004 would continue State boating safety grants and allow the budget scoring to be patterned after DOI programs under the Wallop-Breaux fund by increasing the funding available under the Clean Vessel Act of 1992. Under the bill, authorized funding for State boating programs would increase from $45 million in fiscal year 1995 to $59 million by fiscal year 1999. S. 1004 also would improve recreational boating safety by requiring children age 6 and younger to wear lifejackets and calling for plans to be developed to improve reporting of vessel accidents.

COAST GUARD REGULATORY REFORM.

Last year, Coast Guard worked with the maritime industry in developing a package of amendments to existing marine safety laws that would allow their implementation in a more cost-effective and efficient manner, reduce the regulatory burden on the industry, and provide greater flexibility in making safety decisions. The amendments contained in the bill before us today specifically would: Implement the International Safety Management Code for U.S. vessels engaged in foreign commerce; allow qualified third parties such as the American Bureau of Shipping to conduct vessel safety inspections; allow greater use of foreign manufactured safety equipment; and extend the validity of Coast Guard certificates of inspection from 2 to 5 years, allowing earlier scheduling of annual inspections. The changes will help U.S.-flag vessels to become more competitive in international trade and reflect the Cost Guard's commitment to harmonize U.S. regulations with international requirements.

POPULATION FROM SHIPS

S. 1004 also includes a provision developed in cooperation with Senator LAUTENBERG that would amend the act to prevent pollution from ships [APPS] to strengthen requirements that ports maintain reception facilities to off load plastic wastes generated by vessels at sea. The bill calls for the Secretary to inspect and maintain a list of such facilities and for port operators to post placards encouraging reporting of any inadequacies. S. 1004 also amends the Marine Plastic Pollution Research and Control Act to: Continue the Secretary's biannual reporting to Congress on compliance with APPS; add a requirement to publish an annual list of APPS violators; establish a Marine Debris Coordinating Committee; and continue and expand the Federal Public Outreach Program to include the use of grants.

LAW ENFORCEMENT ENHANCEMENT

In 1970, Secretary of the Treasury Alexander Hamilton ordered the construction of revenue cutters to stop smuggling and enforce tariffs. Today, the Coast Guard continues that mission, facing and increasingly sophisticated threat from illegal drug smugglers. Proving new authority to deal with an old problem, S. 1004 contains administration-requested measures to enhance law enforcement. These measures establish sanctions—including seizure and forefeiture—for failure to land an aircraft at the order of a Federal officer enforcing drug or money-laundering laws, and for obstructing boarding of a vessel by a Federal law enforcement officer. These measurers provide for Federal Aviation Administration [FAA] revocation of aircraft or airman certificates for such a violation, establish Coast Guard and Customs Service air interdiction authority, and set civil penalties of $15,000 for violations of that authority. In addition, the managers' amendment would revise these provisions to require that FAA establish conditions, based on observed conduct or prior information, for ordering a plan to land. These provisions are not intended to restrict or affect in any way the Federal Government's current broad authority to conduct boarder searches. I am optimistic that the bill strikes an appropriate balance with the need to assure innocent citizens that they will not be forced to land.

CRUISE SHIP TORT REFORM

Before closing, Mr. President, there is one matter I would like to address regarding the House-passed Coast Guard authorization bill. The House bill, H.R. 1361, contains tort reform proposals regarding foreign cruiseline companies. The provisions, which I strongly oppose, would alter U.S. tort law in three significant areas: First, medical malpractice claims by passengers on U.S. cruiselines; second, emotional distress claims by U.S. passengers; and third, physical injury suits by foreign cruise ship employees.

First, in medical malpractice suits against foreign cruise shiplines brought by American passengers, the legislation would permit the cruiselines arbitrarily to select the State law that governs the action. This right of selection would apply regardless of the State where the plaintiff resides, or where the suit is brought. The legislation would, for the first time under American tort law, permit the law of one State to govern actions in another State, merely at the self-interested discretion of foreign companies.

Second, with respect to limitations on pain and suffering damages, the legislation would allow foreign companies to use the fine print of ticket sales to absolve themselves of liability for pain and suffering damages. Foreign cruiselines would be permitted to limit their liability for such damages to cases involving substantial physical injury. The legislation would allow the companies to use the fine print on tickets to determine what constitutes a substantial physical injury. This is unfair, particularly considering that most passengers often are unaware of such limitations when purchasing tickets.

Third, the House-passed bill would ban suits in U.S. courts by foreign cruise ship workers for injuries or death, if the employee purportedly is part of a collective-bargaining agreement providing for a dispute forum, or redress is available in their home countries. The provision would be applicable even if there is evidence that such cruiselines substantially use U.S. ports and resources or transport U.S. passengers. I am concerned that this provision will permit foreign cruiselines to exploit foreign employees, who often have no adequate redress available in their country of origin. The provision also will encourage the hiring of foreign workers as cheap and exploitable labor, at the expense of U.S. workers.

Mr. President, I am pleased that the bill we are considering today does not include these questionable provisions. They have not had the benefit of hearings or other close scrutiny by the Senate Commerce Committee and are inappropriate for inclusion within a bill to authorize appropriations for the U.S. Coast Guard.

Over the past two centuries, the U.S. Coast Guard has built an enduring reputation throughout the world for its maritime safety, environmental protection, humanitarian, and lifesaving efforts. We have all watched the valiant and often heroic work of Coast Guard seamen and officers as they rescue desperate refugees who have taken to the seas in crowded and makeshift boats. Even in the remote regions of the world, the Coast Guard is present, actively engaged in the enforcement of United Nations' embargoes against countries like the former Republic of Yugoslavia and Iraq. The men and women of the Coast Guard respond with equal dedication during times of war and peace. I ask my colleagues to recognize this service by joining me in supporting S. 1004.

Mr. KERRY: Mr. President, I am pleased to join my distinguished colleagues, Senators STEVENS, HOLLINGS, PRESSLER, and BREAUX in cosponsoring the bill before us today to authorize the programs and activities of the U.S. Coast Guard for fiscal year 1996.

In this time of draconian budget cuts and dramatic changes in our society and our Government, it is unusual to find an agency which everyone agrees is a good investment. But that is true of the U.S. Coast Guard.

Mr. President, Massachusetts with its hundreds of miles of coastline, unforgiving storms, active maritime and fishing industries, and thriving recreational boating population, needs the Coast Guard at full strength. So does the rest of the nation.

The Coast Guard is essential to the safety and well-being of citizens in every coastal State and in every State with navigable waters. Today, over 50 percent of the U.S. population lives within coastal areas and directly benefits from the services the Coast Guard provides.

But, indirectly, the Coast Guard, in the performance of its mission, protects every American. In fact, more than two-thirds of the total budget for

the Coast Guard goes to operating expenses to protect public safety and the marine environment, to enforce fishery and other laws and treaties, maintain aids to navigation, prevent illegal drug trafficking and illegal immigration, and preserve defense readiness.

The Coast Guard is the oldest continuous seagoing service. As a military service it has fought in almost every war since the Constitution became the law of the land in 1789, and it has performed its myriad of peacetime missions during the intervening years. It has proven that it is a multi-mission service flexible enough to adjust to the needs of the nation in peacetime as well as wartime.

Since its origins as the Revenue Cutter Service, enforcing tariff laws of the young nation for Treasury Secretary Alexander Hamilton the Coast Guard has expanded its missions to include saving lives, enforcing U.S. laws and treaties, ensuring maritime safety and defense, maintaining safe navigation and protecting the environment. Given this legacy of service and the degree to which Americans depend on it for their vital services, I believe it is our responsibility to ensure that the Coast Guard has adequate resources for its missions as it prepares for the next century. Our actions should ensure that the Coast Guard is capable of meeting its existing mandates and recognize the Coast Guard's ever-expanding role and missions in our coastal waters and beyond.

The Commonwealth of Massachusetts has a long and storied involvement with the sea and the Coast Guard. One of Alexander Hamilton's ten original revenue cutters was built in the City of Newburyport and was named the *Massachusetts.* The successors of the *Massachusetts*—today's Coast Guard cutters—are stationed in the ports of Boston, Gloucester, Woods Hole and New Bedford. The first lighthouse built in the United States was Boston Light in 1716. Today, Boston Light stands as the only manned lighthouse still in operation in the United States. The people of Massachusetts love the ocean. Over 145,000 recreational boats are registered in Massachusetts. Many rely on the sea for their livelihood. The men and women of the Coast Guard keep watch over the fishing fleets, the maritime industry, and recreational boaters. While Massachusetts has a long and close relationship with the Coast Guard, many other States can demonstrate similar ties.

We all know that the Coast Guard's mission does not end at our shore. It protects our interests throughout the world in times of war and peace. From supporting U.S. peacekeepers in Haiti, to responding to oil spills in the Persian Gulf, to supporting drug interdiction efforts in South and Central America the Coast Guard has been there.

Its work has been exemplary, but it seems that we continually ask the Coast Guard to do more with less and have been doing this for a long time. The Coast Guard is now in the process of a 4-year downsizing and streamlining which ultimately will reduce the service by 4,000 people and $400 million—a 12 percent reduction. We must eventually acknowledge the finite limitations on Coast Guard capabilities and resources and I am concerned about some of the choices it will be forced to make.

The bill before us today assists the Coast Guard in facing these dilemmas, allowing it to do its job more effectively and efficiently. I'll describe some of the ways it will do this.

The bill includes provisions that would ensure continued funding for state boating safety grants by changing the funding mechanisms—expanding the existing boating safety grant program that was established by the Clean Vessel Act of 1992 and ensuring access to funds from the Boat Safety Account of the Aquatic Resources Trust Fund, or the Wallop Breaux fund as it is known.

Long awaited by the maritime industry, the Coast Guard regulatory reform provisions of the bill will eliminate unnecessary and burdensome regulations on American shipping companies in order to make them more competitive in the world market. These reforms will save precious resources while also removing an unnecessary burden from a struggling industry.

The bill enhances protection of the ocean and coastal environment by amending the act to prevent pollution from ships, strengthening Coast Guard capability to enforce regulations to minimize pollution from plastics. It includes provisions to ensure that adequate waste reception facilities for plastics are available at ports and terminals and to encourage development and implementation of public education programs about the harm of plastics in the environment.

To increase the weapons in our arsenal for the war on drugs, the bill adds new authority for federal law enforcement officials by providing sanctions for aircraft and vessel operators suspected of smuggling drugs or laundering money, who intentionally disobey the orders of a Federal law enforcement officer to land or halt their aircraft or vessel. These operators will face criminal and civil penalties of imprisonment of up to a year, fines up to $15,000, seizure of the aircraft or vessel and forfeiture of the aircraft's registration.

The bill instructs the Coast Guard to develop a plan for making the transition from the current ground-based radionavigation system [LORAN–C] to a satellite-based technology—global positioning system or GPS—after it is determined that GPS is ready to serve as the sole means of safe and efficient navigation. The plan must take into consideration the need to ensure that LORAN–C technology purchased by the public before the year 2000 has a useful economic life.

As part of the response to the *Exxon Valdez* oil spill, the Oil Pollution Act of 1990 (or OPA 90), required that offshore facilities demonstrate the ability to pay certain costs of oil cleanup and damages up to $150 million that could result from an oil spill. The Minerals Management Service of the Department of the Interior recently determined that the present language of the law extends the financial responsibility requirement over an unnecessarily large group of facilities that includes traditional inshore facilities such as marinas and oil terminals, some of which may be located far inland. There appears to be consensus that the intent of the law was to require demonstration of financial responsibility for offshore drilling rigs and production platforms, not inshore facilities. Applying these same financial requirements to the thousands of inshore facilities in Massachusetts and throughout the country which pose a much smaller oil spill risk, would impose potentially severe financial burdens. Therefore, amendment to the bill will be offered to clarify the statutory requirements for financial responsibility as they apply to facilities traditionally located in inshore areas and facilities traditionally located in offshore areas. The bill also amends the financial responsibility requirements so that responsibility is proportional to the oil spill risk posed by the facility. Although I generally do not support letting potential oil polluters off the hook financially, these provisions allow us to maintain protection of the marine environment and prevent requiring unreasonable levels of financial responsibility requirements for facilities that do not pose a substantial risk of a oil spill risk.

I would also like to mention another and highly controversial provision relating to OPA that is contained in the House-passed Coast Guard authorization bill but which has been omitted—properly—from the Senate bill. The House provision would eliminate ''direct action'' authority which has been in U.S. law since 1970 relating to cleanups and damage claims from oil spills. ''Direct action'' entitles a claimant to proceed directly against the responsible party's financial responsibility provider, usually an insurer, in order to obtain compensation for loss associated with a pollution incident.

Direct action enhances prompt payment by a spiller by assuring that governments and other claimants do not get caught in the middle of arguments concerning reasons why insurers do not have to pay those they insure. Direct action in connection with oil spill liability is not an OPA creation. Direct action is a key component of the ''polluter pays'' mandate of Congress which makes potential spillers act more responsibly and has been an underpinning of oil pollution financial responsibility laws, both national and international, for 25 years.

The oil industry has voiced a concern that no insurer will provide insurance guarantees under the OPA regime, with its direct action component. Apparently some insurers fear they will be exposed to unlimited liability because the courts will circumvent OPA's explicit provisions limiting a guarantor's liability. I believe this fear is without practical basis, however, because insurers currently provide direct action guarantees for facilities located on the outer continental shelf under a regime that is almost identical to that established under OPA. Furthermore, I am deeply concerned about the precedent that rolling back the direct action provisions applying to offshore facilities will have. I believe that these provisions would undermine an important tenet in marine environmental protection, and I therefore strongly oppose their inclusion in the final legislation.

Given the fiscal constraints being imposed on the Coast Guard as the Congress moves to balance the federal budget, the service's efforts to downsize and streamline have been demonstrated admirable seriousness. In general, I support the Coast Guard's goals of streamlining and consolidating operations where possible. I applaud its recently announced plans to streamline without closing or consolidating any frontline operating units while reducing personnel slots by 1,000 and overhead expenses by $100 million. However, I am very concerned by the administration's budget proposal to close 23 Coast Guard small boat stations as a cost-cutting effort to save $6 million.

I have looked closely at the criteria used by the Coast Guard to develop the closure and station modification lists and was surprised to find absent from the criteria any consideration of local and regional factors, including water temperature and unusual tidal or current conditions. The Coast Guard uses a one size fits all approach to determining response time for their small boat stations. I do not believe this is appropriate because severe weather and ocean patterns in some regions can slow down the average response time and colder water temperatures necessitate a quicker response to prevent death and serious physical injury.

Alexander Hamilton, the Secretary of the Treasury and Coast Guard founding father, was the first to acknowledge such differences when he allowed additional funding in 1789 for the construction of two larger revenue cutters in order to handle the harsh winters off the New England coast. These conditions have not changed and still require that special local and regional needs be addressed in any Coast Guard decision process. This is not a parochial Massachusetts issue. Similar conditions exist in throughout the country—in the Great Lakes and the Northwest Pacific.

The Coast Guard criteria also appear to exclude consideration of vital Coast Guard missions besides search and rescue—including marine environmental protection, boating safety, and enforcement of drug, illegal alien, and fisheries laws. In the consideration of whether or not to close a station, I believe all the services provided by the station should be taken into account.

When, after consideration, the Coast Guard concludes a station should be closed, it must take steps to ensure that necessary services will continue to be available in the station's area.

The provisions in the bill establish a more detailed and public process that addresses these issues and those voiced by the Senate Appropriations Subcommittee on Transportation and Infrastructure and set forth in the conference report on the Transportation appropriations bill.

The conference committee in resolving the differences between the House and Senate versions of the Transportation appropriations bill voted to preclude the Coast Guard from closing any small boat stations during Fiscal year 1996. The authorization bill incorporates the appropriators' prohibition against closure of any small boat stations in fiscal year 1996 and sets forth more detailed criteria for making such decisions in subsequent years. Such criteria would include unique weather conditions as I have noted, a station's deterrent effect on crime, and its role in protecting life, property, the environment, public safety or national security. Coastal communities most impacted by the closure of a station will be able to submit comments on their concerns before that final decision is made.

While we take these steps to increase the probability that significant damage will not result from station closures, I realize that the process may make station closures more cumbersome, consequently, the bill allows the Secretary of Transportation to implement management efficiencies within the small boat system, such as modifying the operational posture of units or reallocating resources as necessary to ensure the safety of the maritime public nationwide.

I believe that this provision gives the Coast Guard the flexibility to make the operational changes needed to make for streamlining services but ensures that coastal communities and the environment are not put at undue risk by closing of a station.

In closing, I also want to express my concerns about three highly controversial provisions relating to foreign cruise ship liability that are contained in the House version of the Coast Guard authorization bill. No hearings have been held in either house on this matter, and the issue of the liability of foreign-flag cruise vessels is not germane to the legislation before us. I am pleased none of these provisions has been included in the Senate bill.

The House provisions in question appear solely to benefit the foreign-flag cruise line industry. If enacted, they would jeopardize the health and safety of American passengers traveling on foreign cruise ships, and would deal a tremendous blow to the economic well-being of American workers and American businesses which are in competition for American tourist dollars with the foreign-flag cruise line industry.

The first provision would allow foreign cruise ship owners to use the fine print on the back of tickets to deny liability for emotional distress claims brought by passengers, unless the passengers also suffered substantial physical injuries. A number of women's groups and organizations across the country, including the Women's Legal Defense Fund, the Women's Law Center, and the NOW Legal Defense Fund, have expressed strong opposition to this provision. They are rightfully concerned that it could make it more difficult for victims of rape on foreign-flag cruise vessels, who suffer tremendous emotional scars but sometimes only minor physical injuries, to bring civil lawsuits against the cruise lines that bear responsibility for their trauma. I am in agreement with their concern and would strongly oppose inclusion of this provision as drafted by the House in the final bill.

The second provision would allow foreign cruise vessel owners to take advantage of any statutory limitation on liability for medical malpractice available to any doctor or medical facility wherever a foreign cruise ship passenger is taken ashore for treatment. This language should send chills through anyone who is thinking about taking a cruise. A very broad measure, it all but sets the stage for U.S. citizens to lose their right to sue for medical malpractice if they are taken for medical treatment to a remote foreign island where doctors or hospitals are not held accountable for malpractice. I would not want to place U.S. citizens in such jeopardy.

Finally, the most egregious provision relates to foreign seamen's rights. This provision would undermine the competitiveness of U.S. maritime labor and further disadvantage U.S. businesses that compete with the foreign-flag cruise line industry. It would overturn centuries of maritime law by taking away the basic right of seamen—without regard to nationality—to maintain cases against their cruise line employers in U.S. courts for wages and necessary medical care, so long as current ''long-arm'' jurisdiction exists. The U.S. Supreme Court, as well as our treaties with foreign nations, have long provided that such suits are proper if there exists a sufficient ''nexus'' with this country, and that such suits are necessary to maintain a competitive balance between foreign and U.S. labor, because U.S. seamen have such rights. Foreign interests should not be granted a special ''exception'' from the established long-arm jurisdiction of the U.S. justice system, nor should we be granting foreign-flag vessels additional economic advantage over the interests of American workers and businesses. American maritime labor is certainly

justified in its strong opposition to this provision.

Mr. President, these provisions would directly benefit the narrow interests of foreign cruise line owners while threatening the health and safety of American passengers. They have no place in the Coast Guard authorization legislation, and I will strongly oppose their inclusion in the final legislation.

This bill is the culmination of almost two years of effort, and I would like to thank the Chairman of the Subcommittee, Senator Stevens, the Chairman of the Commerce Committee, Senator Pressler, and the Committee's ranking Democrat, Senator Hollings for their hard work in preparing this bipartisan bill and bringing it to the floor.

I also would like to acknowledge the hard work and long hours invested by staff on both sides, including Penny Dalton and Lila Helms on the Commerce Committee minority staff and on the majority side, Tom Melius, Trevor McCabe, and Jim Sartucci. I would like to acknowledge the work of Kate English and Carole Grunberg of my staff and Steve Metruck, a congressional fellow in my office. I urge my colleagues to support this bill.

Mr. LAUTENBERG. Mr. President, I rise today in support of the Coast Guard authorization bill. The Coast Guard plays a critical role in protecting lives, property and the environment, and it deserves the strong support and admiration of this Congress.

In addition to funding the mission of the Coast Guard, Mr. President, this bill will help keep plastics and other garbage off our beaches by improving implementation of the 1987 Marine Plastic Pollution Research and Control Act. I have been pursuing these improvements for the last 3 years and it is gratifying to see those efforts come to fruition in this bill.

Mr. President, our marine waters are an essential national resource. They perform important ecological functions by providing habitat, nursery grounds and a source for a great diversity of plants, and fish, birds and other species. The resources in these waters support commercial and recreational fishing, tourism, recreation, and related opportunities. They result in annual expenditures of tens of billions of dollars and unquantifiable enjoyment for our citizens.

In New Jersey, the lure of the Shore is a major element of the State's $18 billion tourism sector, our second largest revenue-producing industry. In 1991, 8.8 million people stayed overnight at the Shore and an additional 59 million made day trips to New Jersey's beaches. Furthermore, 353,000 people serviced these visitors in some capacity, making the tourism industry the number one employer in the State.

Mr. President, this critical industry is jeopardized every time a person visits the beach and finds it littered with bottles, cans and other garbage. And so it is essential that our beaches are kept free from waste. I have participated in nationally sponsored beach cleanup events in New Jersey, and with other volunteers, have collected the trash that washes up on our shores.

Mr. President, during their 1991 beach cleanup, the Center for Marine Conservation found nearly 90,000 pieces of plastic rope, 40,000 plastic trash bags, 33,000 plastic gallon jugs, and many other plastic items which originate aboard commercial vessels. There is likely to be far more ship-generated waste that is not documented because it is impossible to determine the origins of most beach trash.

Furthermore, not all of the plastic that is discharged by vessels ever reaches the beach. Often, plastic fishing lines and other materials are ingested by marine mammals, which mistake them for food. Sometimes marine organisms wash up on the shore entangled in plastic.

In 1987, I sponsored legislation that prohibited ships from discharging plastic and restricted other types of waste discharge into the sea. There has been substantial improvement as a result of my legislation. More, however, remains to be done.

The Environmental Protection Agency's 1990 National Water Quality Inventory revealed that more than 8,500 square miles of the Nation's estuarine waters fail to meet water quality standards. In New Jersey alone, 141 square miles of estuarine waters are failing to meet water quality standards.

The Office of Technology Assessment, in a 1987 report, concluded that the overall health of our coastal waters is ''declining or threatened,'' and that in ''the absence of additional measures, new or continued degradation will occur in many estuaries and some coastal waters around the country.'' OTA also determined that contamination of the marine environment has a wide range of adverse effects on birds and manuals, finfish and shellfish, aquatic vegetation and other organisms. In addition, OTA concluded that existing programs, even if fully implemented, are not adequate to maintain and improve our coastal waters.

Since the Marine Plastic Pollution Research and Control Act was passed in 1987, I have worked with the Coast Guard to monitor and improve the law's enforcement. As past Chairman of the Transportation Appropriations Committee, I saw to it that the Coast Guard received more resources to implement this Act than it requested. Yet an oversight hearing that I conducted highlighted numerous deficiencies in the Coast Guard's enforcement of this Act.

To address these deficiencies I introduced the Marine Plastic Pollution Research and Control Act Amendments of 1993 which has been included in the Coast Guard Reauthorization Act of 1995. This addition will provide the Coast Guard with additional authority and impose stricter requirements on it, all aimed at improving enforcement of waste disposal practices aboard vessels and at ports.

One of the most difficult enforcement problems associated with Annex V of the international MARPOL Convention, which the 1987 legislation ratified, is determining whether garbage or plastics were dumped at sea.

The MARPOL section of the bill before us today addresses the ocean dumping problem by requiring adequate waste reception facilities at all ports and terminals. It provides that adequacy can only be determined through on-site inspections by the Coast Guard, at which time a certificate can be issued. In order to insure that facilities are maintained, the certificate must be renewed every 5 years, or sooner if there is a transfer of ownership or responsibility for operation.

At a Transportation Appropriations Subcommittee hearing I chaired about 2 years ago on the Coast Guard Budget, I questioned then-Admiral Kime about my proposals. Admiral Kime expressed strong support for this legislation, indicating that it is badly needed and goes a long way toward overcoming problems in inadequate enforcement.

Mr. President, I encourage my colleagues to support the Coast Guard Reauthorization Act of 1995 that supports the Coast Guard and improves enforcement of waste disposal practices aboard vessels and at ports. This bill takes a significant step toward ensuring that oceangoing vessels take responsibility for properly disposing of their waste, instead of putting their trash onto our beaches or into the bellies of marine life.

Mr. WELLSTONE. Mr. President, I support this bill. It contains a number of improvements in Coast Guard policy, and I commend the Committee for its work.

I appreciate that the managers were able to include in their amendment a provision that is important to my state. And I am very pleased that the provision is in the bill. The provision will allow the State of Minnesota and the Coast Guard to cooperate in conducting a pilot project that will allow the State in some cases to undertake the safety inspection of small commercial vessels on certain navigable waters of the U.S.

There is no more important mission of the Coast Guard than to protect the safety of citizens on U.S. waters. I certainly hope we in Congress will not act to diminish that mission or the Coast Guard's ability to perform it. I believe the provision which the managers have included to allow a pilot project in Minnesota can help demonstrate an innovative way under some circumstances to fulfill that mission completely, efficiently, cost-effectively and consistent with common sense.

The provision allows the Secretary of the Department in which the Coast Guard is operating to enter into an agreement with the State of Minnesota. Under the agreement, the State may inspect small commercial passenger vessels 40 feet in length or less

operating in some navigable waters in Minnesota. Minnesota, through its Department of Labor and Industry, already operates a safety inspection program for such boats on thousands of non-Federal bodies of water. The State has fully demonstrated its competence in this program and its ability to protect the public. Indeed the State's program is closely modeled already after the Coast Guard's inspection program.

Under the provision, the State would be required to perform inspections that will ensure the safety and operation of the vessels in accord with standards that would apply if the Coast Guard itself were conducting the inspections. And it would require the State to report annually to the Secretary on the inspection program. The provision also allows the Secretary to adjust or waive the user fee which Congress has required the Coast Guard to collect from owners of inspected vessels when the State takes over their inspection.

It is my hope that the success of this model of limited decentralization over the course of a 3-year pilot project can show the way for an appropriate sharing of responsibilities between Federal and State authorities in this area of public policy. At the same time, the provision in no way is meant to allow any erosion or circumvention of safety standards in Minnesota or in any other State. There may be other areas in the country where it will make sense and be completely consistent with the public interest for additional States to undertake similar responsibilities. I expect that this pilot project can demonstrate that possibility. But this provision itself implies no future expansion of the sharing of authority. It certainly should not be interpreted to mean that consistent, uniform standards of safety and operation on navigable waters are unnecessary. It is necessary to have consistent and uniform standards. As the provision makes explicit, all vessels will continue to be required to be inspected, and those inspections will be in accord with standards that would apply if the Coast Guard were conducting the inspections.

Mr. President, with the Omnibus Budget Reconciliation Act of 1990, Congress began to require that the Coast Guard collect fees from owners of vessels it inspects to offset the government cost of those inspections. That made sense. Unfortunately, however, the fees established have seemed very high to many who are being asked to pay them, even onerous. That is why I support the cap on such fees which this bill establishes for the inspection of small commercial vessels. A $300 fee-cap is reasonable for small vessels.

Additionally, though, the collection of fees revealed a certain inefficiency in the current inspection program—a method of operating which does not make common sense. There are certain lakes in the interior of Minnesota, for example, which are designated navigable waters of the U.S. because the Mississippi River, in its formative stage, runs through it. One of the lakes most affected by this issue is Lake Winnibigoshish. At the Northwest end of Lake Winnibigoshish, where the Mississippi River enters the lake, the river is very narrow. I believe a number of Senators could very easily swim across it at that point. There is a dam at the other end of the lake, where the river leaves it, so there is no river traffic or commerce that uses the lake for transport.

Lake Winnibigoshish, incidentally, Mr. President, is a large lake in Northern Minnesota. It is located in the beautiful Chippewa National Forest, and also on the Leech Lake Indian Reservation. It is an excellent lake for catching walleye, our state fish, although some also fish there for Northern Pike and even for Muskies. In the winter a number of people drag small houses out onto the lake behind their cars or snowmobiles, and usually leave them there through the season, so they can fish through the ice. I mention these things to give Senators a flavor of the area of Minnesota I am discussing. Neither the cars nor the fishhouses are subject to Coast Guard authority out on the ice.

During summer months on Lake Winnibigoshish, to continue that example, there are a number of small businesses which operate what the federal government considers small commercial passenger vessels. These in most cases are resort owners who operate fishing-guide businesses that take anglers out on the lake on boats which are generally under 30 feet long.

Until last year, Coast Guard inspectors drove once each year from Duluth, about 100 miles away, and inspected these boats for free. Obviously, that was no problem for the owners. But suddenly last year, the Coast Guard informed the boat owners that it would cost $545 or $670 per boat for the inspections, depending on the boats' length. This would be an annual fee for the inspection of these small boats that are used for an open-water fishing season which is effectively only four or five months long.

Now, the resort owners have acknowledged that collection of a fee is appropriate. They understand the value and importance of the inspections. But they object that the fees now being assessed are burdensome and out of line. Some of the resorts reportedly have stopped offering their fishing-guide services for groups of more than six passengers. The requirement does not apply when there are fewer passengers. But this means that they are foregoing business, which is not fair and is not convenient for the visitors. Furthermore, it is highly irritating to some of the resort owners, who point out that the State of Minnesota is conducting equivalent inspections of virtually identical boats on neighboring lakes for under $100.

Mr. President, that is the type of situation that this provision is meant to address. We want to protect the public and uphold safety standards in every way. The State of Minnesota is fully capable of doing that and I am sure will demonstrate so through this pilot project. And these small businesses will not suffer unnecessarily burdensome fees. It is an example of how we can make appropriate regulation work in common-sense fashion by adjusting the current cookie-cutter, one-size-fits-all federal approach.

I point out that it is my understanding that the State of Minnesota is not interested in taking over any Coast Guard inspection duties on bodies of water such as Lake Superior or the Mississippi, which carry substantial interstate commerce. And I repeat that the State will inspect only small commercial vessels under 40 feet in length on bodies of water agreed upon by the State and by the Secretary.

I thank the managers for including the provision. And I thank the State of Minnesota and the Coast Guard for their cooperation during the drafting process. Mr. President, I ask unanimous consent that a letter of support for the provision signed by Minnesota's Commissioner of Labor and Industry be printed in the RECORD.

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

MINNEAPOLIS DEPARTMENT OF
LABOR AND INDUSTRY,
*November 8, 1995.*

Hon. PAUL WELLSTONE,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR WELLSTONE: I write in support of the Small Passenger Vessel Pilot Inspection program as included in S. 1004, the Coast Guard Reauthorization Act of 1995. As Commissioner of the Minnesota Department of Labor and Industry, I oversee the state boat inspection program. I look forward to working with the United States Coast Guard to expand on the efficiency of the state boat inspection safety program in order to better meet the needs of the citizens of Minnesota.

Thank you for your efforts in developing this pilot project.

Yours truly,

GARY W. BASTIAN,
*Commissioner.*

AMENDMENT NO. 3058

(Purpose: To make technical minor changes in the bill as reported, and for other purposes)

Mr. LOTT. Mr. President, I send an amendment to the desk on behalf of Senator STEVENS.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. STEVENS, for himself, Mr. PRESSLER, Mr. HOLLINGS, Mr. KERRY, Ms. SNOWE, Mrs. HUTCHISON, and Mr. BREAUX proposes an amendment numbered 3058.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Ms. SNOWE. Mr. President, I rise as a cosponsor of the Stevens manager's amendment, and I urge my colleagues to support this amendment, along with the Chafee amendment and the underlying bill, S. 1004.

S. 1004 renews the authorization for the U.S. Coast Guard—an agency of special importance to a State like Maine which has over 3,000 miles of coastline and many commercial and sport fishermen, sailing enthusiasts, and merchant mariners. The Commerce Committee has reported a good, bipartisan bill, and I believe that it deserves unanimous approval in the Senate.

Among the provisions contained in this bill and in the manager's amendment are several that I had the pleasure to author or coauthor with other Senators, and that I wanted to mention here on the floor.

One of the longest lasting legacies of this bill will be the preservation of 35 lighthouses on the coast of Maine. I introduced this provision as a standalone bill earlier in the year, S. 685, and I am very pleased that we were able to include it in the Commerce Committee's version of S. 1004.

This provision will create the Maine lights program to transfer these historically and environmentally important lighthouses to new owners who will agree to maintain them, preserve their historic character, preserve ecological resources on adjacent property like seabird nesting habitat, and provide access to the public. In short, this legislation provides a way to protect these lighthouses well into the future at no cost to the Federal Government. Long after this bill passes, Mr. President, when our grandchildren or their children visit the Maine coast and admire the lighthouses, they will have this Congress to thank for its vision and its commitment to preserving such a valuable piece of the Nation's coastal heritage.

Lighthouses no longer play the crucial role in ensuring maritime safety that they once did, and, in fact, the original designers of the lighthouses could never have imagined the impressive array of technological resources that today's Coast Guard brings to the critical job of protecting the maritime public. But despite the new hardware and technology, the heart of the Coast Guard's mission is still the human emergency response, the rescues at sea. It is critical that the Coast Guard maintain this capability to respond promptly and professionally to all accidents in American waters, even while we are engaged in the necessary process to balance the budget and protect the fiscal health of the Nation.

Senator KERRY and I authored an amendment in the Commerce Committee that will prevent the Coast Guard from closing any of its boat stations unless the Secretary first certifies that the closure will not result in a degradation of services that threatens life, property, the environment, or public safety. Language that I included in this amendment provides, in particular, that a proposed station closure will not hamper the Coast Guard's ability to meet its 2-hour standard for responding to search-and-rescue requests.

Both of these provisions have been included in S. 1004, and they enjoy broad bipartisan support.

Mr. President, while S. 1004 is a good bill and deserves this body's support, the manager's amendment offered by Senator STEVENS makes a number of constructive changes to S. 1004 that will improve it further. Among these is a provision that I sponsored to facilitate a timely and effective response in the event of an oil spill in Passamaquoddy Bay on Maine's border with Canada.

Passamaquoddy Bay is a large, virtually pristine bay and estuary system that is internationally recognized as a staging area for migratory waterfowl and shorebirds. In addition, the bay area has substantial economic value, hosting major aquaculture and commercial fishing operations, a vibrant tourism industry that depends on the health of the bay, and one of Maine's three major cargo ports.

Unfortunately, this important resource would be relatively unprotected in the event of a major oil spill. The State of Maine does not have an adequate number and type of oil spill response vessels in the vicinity of Passamaquoddy Bay. There are some Canadian-registered vessels north of the bay that could do the job, but current Federal law prevents these vessels from operating in U.S. waters.

To address this problem, I drafted a provision that has been included in the manager's amendment which will allow Canadian-registered vessels to be used in U.S. waters near the Maine-Canada border in the event of an oil spill. The authority only applies on a temporary and emergency basis, however, and it only applies as long as U.S.-documented response-and-recovery vessels are not available to respond in a timely manner. This provision will help to ensure that Passamaquoddy Bay receives the maximum amount of protection from an oil spill, while giving U.S. recovery vessels priority consideration for doing the work if they are available.

Finally, I wanted to reference Senator CHAFEE's amendment on financial responsibility under the Oil Pollution Act. I offered an amendment in the Commerce Committee that addressed the aspect of this issue dealing with marinas and onshore fuel terminals. Under some current interpretations of OPA, these facilities could have been subjected to the act's extremely expensive financial responsibility requirements, even though the act was intended to cover offshore drilling platforms and other large production facilities that could be involved in large oil spills.

Mr. President, the language in the Chafee amendment reflects a compromise that Senators on the Commerce and EPW Committees were able to reach on this issue. Among other things, it simply clarifies that marinas and onshore fuel terminals are not subject to OPA's financial responsibility requirements. This legislation will benefit many small businesses, boaters, commercial fishermen, oil distributors, and fuel consumers across the country without jeopardizing important environmental protections.

These amendments will strengthen an already good bill, and I hope that my colleagues will support them, and support S. 1004 on final passage.

Mr. LOTT. Mr. President, I ask unanimous consent that the amendment be agreed to.

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

So the amendment (No. 3058) was agreed to.

AMENDMENT NO. 3059

(Purpose: To amend the Oil Pollution Act of 1990 to clarify the financial responsibility requirements for offshore facilities)

Mr. LOTT. Mr. President, I send a second amendment to the desk on behalf of Senator STEVENS.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. STEVENS, for himself, Mr. CHAFEE, Mr. BREAUX, and Ms. SNOWE, proposes an amendment numbered 3059.

Mr. LOTT. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

**SEC. . OFFSHORE FACILITY FINANCIAL RESPONSIBILITY REQUIREMENTS.**

(a) AMOUNT OF FINANCIAL RESPONSIBILITY.—Section 1016(c)(1) of the Oil Pollution Act of 1990 (33 U.S.C. 2716(c)(1)) is amended to read as follows:

''(1) IN GENERAL.—

''(A) EVIDENCE OF FINANCIAL RESPONSIBILITY REQUIRED.—Except as provided in paragraph (2), a responsible party with respect to an offshore facility that—

''(i)(I) is located seaward of the line of ordinary low water along that portion of the coast that is in direct contact with the open sea and the line marking the seaward limit of inland waters; or

''(II) is located in inland waters, such as coastal bays or estuaries, seaward of the line of ordinary low water along that portion of the coast that is not in direct contact with the open sea;

''(ii) is used for exploring for, drilling for, or producing oil, or for transporting oil from facilities engaged in oil exploration, drilling, or production; and

''(iii) has a worst-case oil spill discharge potential of more than 1,000 barrels of oil (or a lesser amount if the President determines that the risks posed by such facility justify it),

shall establish and maintain evidence of financial responsibility in the amount required under subparagraph (B) or (C), as applicable.

''(B) AMOUNT REQUIRED GENERALLY.—Except as provided in subparagraph (C), the amount of financial responsibility for offshore facilities that meet the criteria in subparagraph (A) is—

''(i) $35,000,000 for offshore facilities located seaward of the seaward boundary of a State; or

''(ii) $10,000,000 for offshore facilities located landward of the seaward boundary of a State.

''(C) GREATER AMOUNT.—If the President determines that an amount of financial responsibility for a responsible party greater than the amount required by subparagraphs (B) and (D) is justified by the relative operational, environmental, human health, and other risks posed by the quantity or quality of oil that is explored for, drilled for, produced, stored, handled, transferred, processed or transported by the responsible party, the evidence of financial responsibility required shall be for an amount determined by the President not exceeding $150,000,000.

''(D) MULTIPLE FACILITIES.—In the case in which a person is a responsible party for more than one facility subject to this subsection, evidence of financial responsibility need be established only to meet the amount applicable to the facility having the greatest financial responsibility requirement under this subsection.

''(E) STATE JURISDICTION.—The requirements of this paragraph shall not apply if an offshore facility located landward of the seaward boundary of a State is required by such State to establish and maintain evidence of financial responsibility in a manner comparable to, and in an amount equal to or greater than, the requirements of this paragraph.

''(F) DEFINITION.—For the purpose of this paragraph, the phrase ''seaward boundary of a state'' shall mean the boundaries described in section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)).''.

REGARDING OPA–90 AMENDMENT TO S. 1004

Mr. CHAFEE. Mr. President, I rise as a cosponsor in support of the pending amendment to the Coast Guard reauthorization bill, S. 1004. The amendment would modify the financial responsibility requirements for offshore facilities under the Oil Pollution Act of 1990.

These requirements mandate that offshore oil-related facilities demonstrate evidence of access to resources sufficient to cover the likely costs of clean-up and damages arising from an oilspill. The important purpose served by these requirements is to ensure that the polluter—not the United States taxpayer—bears the financial burdens resulting from oil pollution.

The Environment and Public Works Committee, of which I am chairman, has jurisdiction over the issues addressed in the pending amendment. In recognition that jurisdiction, the primary sponsor of the amendment and manager of the bill, Senator STEVENS, and the Chairman PRESSLER of the Commerce Committee, which reported S. 1004, asked for my assistance in crafting the amendment.

I am pleased to report that we were able to work together to fashion an amendment that will bring the financial responsibility requirements of the Act more into line with common sense and the original intent of Congress. It will allow us to avoid imposing undue and unintended economic burdens while also ensuring that the act's important environmental purposes will continue to be served.

In particular, the amendment would do three things.

First, it would correct an unjustifiably broad interpretation of the act by the Department of the Interior. The interpretation would apply the financial responsibility requirements for offshore facilities to traditional onshore facilities like land-based oil terminals and marinas.

We have many such onshore facilities in my State of Rhode Island. They were never intended to be subject to the Act's financial responsibility requirements for offshore facilities, even if they have certain appurtenances that extend onto submerged land. This amendment serves to make our original intent unmistakably clear.

Second, the amendment would exempt from financial responsibilities requirements small offshore operators who, even under a worst-case scenario, lack the capacity to cause a major oil spill. This de minimis exemption removes the potential for imposing an unjustifiably heavy financial burden on small businesses that pose only minimal environmental risk.

Importantly, however, the amendment does not affect the liability of a facility that actually engages in a spill. Moreover, the President retains the discretion to require even a small offshore facility to demonstrate evidence of financial responsibility if the risk justifies doing so.

Third, the amendment would allow for some flexibility in the amount of financial responsibility to be required of non de minimis offshore facilities. The Act currently directs the promulgation of regulations that would require all offshore facilities to meet financial responsibility requirements at a $150 million level.

The amendment, on the other hand, calls for use of the current $35 million requirement in the Outer Continental Shelf Lands Act for facilities in Federal waters, while giving the President discretion to increase the requirement on the basis of risk. A similar approach is taken with respect to offshore facilities in State waters, except that the minimum financial responsibility requirement is $10 million given that many Coastal States impose their own such requirements.

In sum, this amendment will remove the potential for unnecessary and inefficient economic burdens while preserving the act's fundamental purpose of ensuring that oilspill polluters pay for their pollution. It also preserves the act's important safeguards and deterrents against oil pollution in the first instance.

This amendment reflects a thoughtful and carefully tailored approach to specific issues of concern about operation of an environmental statute. I want to tank Senators STEVENS and PRESSLER gain for their cooperation and fine work on the amendment.

Mr. BREAUX. Mr. President, I want to start by thanking the distinguished managers of the bill, the Senator from Alaska, Senator STEVENS, and the Senator from South Carolina, Senator HOLLINGS, and the Senator from Rhode Island, Senator CHAFEE, the distinguished chair of the Environment and Public Works Committee, for all the work they have put into helping to craft this amendment. It retains many of the features of S. 33, which I introduced in January of this year. I believe that it is an amendment that all of our colleagues should support.

This amendment addresses a serious concern—the shutting down of onshore and offshore oil and gas producers because they cannot meet onerous Federal financial responsibility standards mandated by the Oil Pollution Act of 1990. This amendment gives the Secretary of the Interior the flexibility to adjust Federal financial responsibility requirements to reflect the risks actually posed. Unless, this flexibility is provided for offshore facilities, the Oil Pollution Act's financial requirements will freeze out small and independent companies that drill most of the wells offshore.

Congress passed the Oil Pollution Act of 1990 in response to the *Exxon Valdez* oilspill. It was designed to prevent oilspills and if oilspills do occur to make sure sufficient financial resources are available to clean up those spills. The statute establishes liability limits and requirements of financial responsibility to meet those limits. However, recent interpretation of the statute by the Department of the Interior indicates that legislative changes are needed to meet congressional intent concerning financial responsibility for onshore facilities and to correct the overly burensome financial responsibility requirements for offshore facilities that threaten the viability of many offshore producers.

When the Congress adopted the Oil Pollution Act, it clearly intended that onshore facilities would not have to show evidence of financial responsibility. However, a recent Interior Department solicitor's opinion indicates that due to the interrelationship of several definitions in the act, that they interpret the statute to require financial responsibility be shown by onshore facilities. Mr. President, clearly, Congress did not and does not want to require small marina operators or other onshore facilities to show $150 million of financial responsibility. This legislation clarifies the congressional intent on the law with respect to financial responsibility for onshore facilities.

Also, this amendment gives the Minerals Management Service the authority to require evidence of financial responsibility between $35 and $150 million based on the environmental risk posed by the facility. Current law is inflexible on this point, all offshore facilities must provide evidence of $150 million regardless of how much oil they handle, their history of oilspills, or other factors that would determine the true risk of an oilspill. In addition, this amendment provides that any producer that handles less than 1,000 barrels of oil at any one time would be exempt from the financial responsibility requirement. Both the $35 million financial responsibility level and the

1,000 barrels were included in prior law—the Outer Continental Shelf Lands Act.

This approach preserves OPA's oil-spill prevention, response and environmental safeguards and liability standards, while setting reasonable financial responsibility requirements for offshore facilities. It also recognizes the low level of risk of oilspills associated with the offshore industry generally, and the fact that no spill on the Federal Gulf of Mexico offshore has exceeded the $35 million of financial responsibility in force before OPA. I look forward to working to further revise this legislation. This legislation is one step that can be accomplished now to help maintain a viable domestic energy industry.

We know that oil imports continue to rise, while the domestic energy industry continues to decline.

In 1973—at the time of the Arab oil embargo—domestic U.S. crude oil production was 9.2 million barrels per day (mbd). By 1977, that figure had fallen to 8.1 mdb, before increasing as Alaska production flowed through the Trans-Alaska Pipeline System. By 1985, domestic crude production had climbed to a post-embargo high of 9.0 mbd. Now, 10 years later, domestic crude oil output runs at 6.6 mbd.

In 1973, the U.S. imported about 35 percent of its daily oil consumption. Now, we import almost half our total oil needs—8.1 mbd out of a daily consumption of about 18 mbd.

This nation would never allow us to import more than 50 percent of our food supply—Is our energy supply any less important? Let us not forget the oil shocks of the seventies and let us not forget that just a few years ago we sent young Americans to the Persian Gulf to protect our strategic interest in the oil there.

Thousands of oil industry workers have been laid off and it looks like many more may become unemployed in the future. More than 400,000 jobs have been lost in the oil and gas industry in the last 10 years. By some estimates, 40,000 to 50,000 may have been lost in 1992 alone.

The jobs in the oil industry today are very different from those of yesterday. The reserves that are fast and easy to recover through simple hard labor are no more. Increasingly, extraction of oil and gas requires very sophisticated technology that requires a highly-skilled, highly educated work force. The energy industry of today creates the kinds of jobs we want for tomorrow—high technology, high paying jobs.

Our national security depends on access to dependable domestic energy reserves. Unfortunately, our domestic oil and gas industry cannot turn on a dime. No magic spigot can be turned on when the need for secure domestic oil reserves become acute. The expertise needed to develop oil and gas is highly-specialized, particularly now that the remaining domestic reserves are increasingly difficult to recover.

This is not just an oil and gas state interest—this is a national interest. Energy fuels our cars, heats our homes, runs our factories in every part of the country. Also, let us not forget the thousands of jobs created in non-energy related sectors to service the energy industry: computers, metals, transportation, financial and other service industries. When domestic oil and gas producing increases so do the jobs created in all these sectors.

Unless we take steps to help preserve a viable domestic industry, the next energy crisis may be chronic and very damaging to our economy. Unless we act to preserve a core of talent and capital in the United States, the domestic industry may not be able to deploy the necessary capital investment and trained labor necessary to quickly add large increments to our overall domestic supply of oil and petroleum products.

We can change politics as usual—the politics of crisis management—and we can work now to avert an energy crisis in the future. Mr. President, I believe that this amendment is a good starting point. It does not address some issues that I believe need to be addressed, but I look forward to continuing to work with my colleagues to make changes to the Oil Pollution Act that I believe are necessary to maintain our domestic energy security.

Again, I thank Senator STEVENS, Senator HOLLINGS and Senator CHAFEE, for their involvement, their assistance and their encouragement in this effort. And, I urge my colleagues to join me in supporting this important legislation.

AN AMENDMENT TO S. 1004, THE COAST GUARD AUTHORIZATION ACT OF 1995

Mr. CHAFEE. The pending amendment to the Coast Guard reauthorization bill clarifies the financial responsibility requirements for offshore facilities under the Oil Pollution Act of 1990, or ''OPA–90.'' Issues related to such requirements lie within the exclusive jurisdiction of the Senate Committee on Environment and Public Works. As Chairman of that Committee, I join Senator STEVENS as a co-sponsor of the amendment. I also want to take a moment to provide the background of the amendment and to explain the understanding on which it is based.

Earlier this year Senator BREAUX introduced a bill, S. 33, that addresses the matters contained in this amendment and was referred to the Committee on Environment and Public Works.

Although we did not hold a formal hearing on the bill, efforts to amend OPA–90 to clarify its offshore facility financial responsibility requirements have been ongoing for several months. The House included such an amendment in its version of the Coast Guard reauthorization bill, H.R. 1361.

Upon being received in the Senate, H.R. 1361 was referred to the Committee on Commerce, Science, and Transportation. Recognizing and respecting the fact that OPA–90's financial responsibility requirements are within the jurisdiction of the Environment and Public Works Committee, the Committee on Commerce, Science, and Transportation declined to include an amendment to such requirements in the Coast Guard reauthorization bill it reported, S. 1004.

Instead, the chairman of the full Committee, Senator PRESSLER, and the Chairman of the Subcommittee on Oceans and Fisheries, Senator STEVENS, wrote to ask for my cooperation and assistance in crafting an offshore OPA–90 amendment that could be offered upon consideration of S. 1004 on the Senate floor. Seventeen Senators, including four members of the Environment and Public Works Committee, also sent me a letter urging me to work with the Committee on Commerce, Science, and Transportation to achieve the same result.

In response, I agreed to work with the leadership of the Committee on Commerce, Science, and Transportation in an effort to forge an amendment that would accommodate the request of my colleagues. All work was done in consultation with the ranking member of the Committee on Environment and Public Works, Senator BAUCUS. The product of that cooperative labor is the amendment before the Senate at this time.

Also resulting from our negotiations with the Committee on Commerce, Science, and Transportation is an agreement that will ensure continued recognition of the jurisdiction of the Committee on Environment and Public Works as S. 1004 and H.R. 1361 move forward. It is especially important given the abbreviated process that I have agreed to follow with respect to the OPA–90 amendment.

Our agreement provides that, upon passage of S. 1004 and H.R. 1361 by the Senate, the Committee on Environment and Public Works will conduct any negotiations or discussions with the House of Representatives on any OPA–90 issues within the Committee's jurisdiction, including all issues addressed in the pending Senate amendment. If these negotiations or discussions fail to resolve any differences that may exist between the two Chambers on such issues, the Committee on Environment and Public Works will be the source of conferees on all OPA–90 issues under the Committee's jurisdiction, including all issues addressed in the pending Senate amendment. In the spirit in which the pending amendment was developed, members of the Committee on Environment and Public Works engaged in any such negotiations or conference will consult with members of the Committee on Commerce, Science, and Transportation.

In conclusion, I simply would ask my good friend, the chairman of the Committee on Commerce, Science, and Transportation, if what I have just stated comports with his understanding of our agreement.

Mr. PRESSLER. Yes, it does in all respects. As chairman of the Committee on Commerce, Science, and Transportation, I recognize that the issues addressed in the OPA–90 amendment clearly fall under the jurisdiction of the Committee on Environment and Public Works. I have appreciated the willingness of the chairman of that Committee to work with the Committee on Commerce, Science, and Transportation so this amendment could be added to the Coast Guard reauthorization bill.

Mr. CHAFEE. I thank the chairman of the Committee on Commerce, Science, and Transportation. Let me add that I have appreciated the cooperative manner in which we have been able to work together on this amendment and I commend him, as well as Senator STEVENS, for their fine work on the amendment.

Mr. LOTT. Mr. President, I ask unanimous consent that the amendment be agreed to.

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

So the amendment (No. 3059) was agreed to.

AMENDMENT NO. 3060

(Purpose: To provide for the deauthorization of a navigation project in Cohasset Harbor, MA)

Mr. LOTT. Mr. President, I now send an amendment to the desk on behalf of Senator KERRY of Massachusetts.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. KERRY, proposes an amendment numbered 3060.

Mr. LOTT. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place insert the following:

**SEC. . DEAUTHORIZATION OF NAVIGATION PROJECT, COHASSET HARBOR, MASSACHUSETTS.**

The following portions of the project for navigation, Cohasset Harbor, Massachusetts, authorized by section 2 of the Act entitled ''An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes'', approved March 2, 1945 (59 Stat. 12), or carried out pursuant to section 107 of the River and Harbor Act of 1960 (33 U.S.C. 577), are deauthorized: A 7-foot deep anchorage and a 6-foot deep anchorage; beginning at site 1, starting at a point N45310.15, E792664.63, thence running south 53 degrees 07 minutes 05.4 seconds west 307.00 feet to a point N453325.90, E792419.07, thence running north 57 degrees 56 minutes 36.8 seconds west 201.00 feet to a point N453432.58, E792248.72, thence running south 88 degrees 57 minutes 25.6 seconds west 50.00 feet to a point N453431.67, E792198.73, thence running north 01 degree 02 minutes 52.3 seconds west 66.71 feet to a point N453498.37, E792197.51, thence running north 69 degrees 12 minutes 52.3 seconds east 332.32 feet to a point N453616.30, E 792508.20, thence running south 55 degrees 50 minutes 24.1 seconds east 189.05 feet to point of origin; then site 2, starting at a point, N452886.64, E791287.83, thence running south 00 degrees 00 minutes 00.0 seconds west 56.04 feet to a point, N452830.60, E791287.83, thence running north 90 degrees 00 minutes 00.0 seconds west 101.92 feet to a point, N452830.60, E791185.91, thence running north 52 degrees 12 minutes 49.7 seconds east 89.42 feet to a point, N452885.39, E791256.58, thence running north 87 degrees 42 minutes 33.8 seconds east 31.28 feet to point of origin; and site 3, starting at a point, N452261.08, E792040.24, thence running north 89 degrees 07 minutes 19.5 seconds east 118.78 feet to a point, N452262.90, E792159.01, thence running south 43 degrees 39 minutes 06.8 seconds west 40.27 feet to a point, N452233.76, E792131.21, thence running north 74 degrees 33 minutes 29.1 seconds west 94.42 feet to a point, N452258.90, E792040.20, thence running north 01 degree 03 minutes 04.3 seconds east 2.18 feet to point of origin.

Amend the table of sections by inserting at the appropriate place the following:

Sec. . Deauthorization of navigation project, Cohasset Harbor, Massachusetts.

COHASSET DREDGING PROJECT

Mr. KERRY. Mr. President, I wish to engage the distinguished Chairman of the Committee on Environment and Public Works, Senator CHAFEE, in a colloquy. The colloquy relates to a freestanding amendment that I have offered which would deauthorize portions of a navigation project at Cohasset Harbor, MA. This deauthorization provision is clearly and wholly within the jurisdiction of the Committee on Environment and Public Works. I recognize that it would most appropriately be dealt with as an amendment to the 1995 Water Resources Development Act. However, this deauthorization is a purely technical action which requires no expenditure of funds. In addition, I have recently been informed that the necessary dredging of Cohasset Harbor, which cannot proceed without this deauthorization, will lose an existing appropriation of funds if this technical action is not approved by the Congress expeditiously. The amendment simply provides for a modification to the existing coordinates of the U.S. Army Corps of Engineers' Cohasset Harbor dredging project.

Mr. CHAFEE. I have carefully reviewed the proposed amendment and concur that it is a purely technical project deauthorization which involves no expenditure of funds. As such, I give my consent to the request of the Senator from Massachusetts [Mr. KERRY]. I would ask, however, that if any changes are made to this amendment, I be consulted before any final action is taken in a conference with the House.

Mr. STEVENS. As the manager of the Coast Guard authorization bill, I concur with the views expressed here by my colleagues.

Mr. LOTT. Mr. President, I ask unanimous consent that the amendment be agreed to.

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

So the amendment (No. 3060) was agreed to.

Mr. LOTT. Mr. President, I further ask unanimous consent that the committee amendment be agreed to, as amended; that the bill be considered read for a third time and passed; that the motion to reconsider be laid upon the table; and that a number of colloquies and statements appear at the appropriate place in the RECORD as if read.

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

So the committee amendment, as amended, was agreed.

So the bill (S. 1004), as amended, was deemed read the third time and passed.

The bill, as passed, is as follows:

S. 1004

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Coast Guard Authorization Act of 1995''.

**SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—AUTHORIZATION

Sec. 101. Authorization of appropriations.
Sec. 102. Authorized levels of military strength and training.

TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT

Sec. 201. Provision of child development services.
Sec. 202. Hurricane Andrew relief.
Sec. 203. Dissemination of results of 0–6 continuation boards.
Sec. 204. Exclude certain reserves from end-of-year strength.
Sec. 205. Officer retention until retirement eligible.
Sec. 206. Contracts for health care services.
Sec. 207. Recruiting.
Sec. 208. Access to National Driver Register information on certain Coast Guard personnel.
Sec. 209. Coast Guard housing authorities.
Sec. 210. Board for correction of military records deadline.

TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT

Sec. 301. Increased penalties for documentation violations.
Sec. 302. Nondisclosure of port security plans.
Sec. 303. Maritime drug and alcohol testing program civil penalty.
Sec. 304. Renewal of advisory groups.
Sec. 305. Electronic filing of commercial instruments.
Sec. 306. Civil penalties.
Sec. 307. Amendment to require EPIRBS on the Great Lakes.
Sec. 308. Report on Loran-C requirements.
Sec. 309. Restrictions on closure of small boat stations.
Sec. 310. Penalty for alteration of marine safety equipment.
Sec. 311. Prohibition on overhaul, repair, and maintenance of Coast Guard vessels in foreign shipyards.
Sec. 312. Withholding vessel clearance for violation of certain Acts.

TITLE IV—COAST GUARD AUXILIARY

Sec. 401. Administration of the Coast Guard Auxiliary.
Sec. 402. Purpose of the Coast Guard Auxiliary.
Sec. 403. Members of the auxiliary; status.
Sec. 404. Assignment and performance of duties.

Sec. 405. Cooperation with other agencies, States, Territories, and political subdivisions.
Sec. 406. Vessel deemed public vessel.
Sec. 407. Aircraft deemed public aircraft.
Sec. 408. Disposal of certain material.

TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT

Sec. 501. State recreational boating safety grants.
Sec. 502. Boating access.
Sec. 503. Personal flotation devices required for children.
Sec. 504. Marine Casualty Reporting.

TITLE VI—COAST GUARD REGULATORY REFORM

Sec. 601. Short title.
Sec. 602. Safety management.
Sec. 603. Use of reports, documents, records, and examinations of other persons.
Sec. 604. Equipment approval.
Sec. 605. Frequency of inspection.
Sec. 606. Certificate of inspection.
Sec. 607. Delegation of authority of Secretary to classification societies.

TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS

Sec. 701. Amendment of inland navigation rules.
Sec. 702. Measurement of vessels.
Sec. 703. Longshore and harbor workers compensation.
Sec. 704. Radiotelephone requirements.
Sec. 705. Vessel operating requirements.
Sec. 706. Merchant Marine Act, 1920.
Sec. 707. Merchant Marine Act, 1956.
Sec. 708. Maritime education and training.
Sec. 709. General definitions.
Sec. 710. Authority to exempt certain vessels.
Sec. 711. Inspection of vessels.
Sec. 712. Regulations.
Sec. 713. Penalties—inspection of vessels.
Sec. 714. Application—tank vessels.
Sec. 715. Tank vessel construction standards.
Sec. 716. Tanker minimum standards.
Sec. 717. Self-propelled tank vessel minimum standards.
Sec. 718. Definition—abandonment of barges.
Sec. 719. Application—load lines.
Sec. 720. Licensing of individuals.
Sec. 721. Able seamen—limited.
Sec. 722. Able seamen—offshore supply vessels.
Sec. 723. Scale of employment—able seamen.
Sec. 724. General requirements—engine department.
Sec. 725. Complement of inspected vessels.
Sec. 726. Watchmen.
Sec. 727. Citizenship and naval reserve requirements.
Sec. 728. Watches.
Sec. 729. Minimum number of licensed individuals.
Sec. 730. Officers' competency certificates convention.
Sec. 731. Merchant mariners' documents required.
Sec. 732. Certain crew requirements.
Sec. 733. Freight vessels.
Sec. 734. Exemptions.
Sec. 735. United States registered pilot service.
Sec. 736. Definitions—merchant seamen protection.
Sec. 737. Application—foreign and intercoastal voyages.
Sec. 738. Application—coastwise voyages.
Sec. 739. Fishing agreements.
Sec. 740. Accommodations for seamen.
Sec. 741. Medicine chests.
Sec. 742. Logbook and entry requirements.
Sec. 743. Coastwise endorsements.
Sec. 744. Fishery endorsements.
Sec. 745. Convention tonnage for licenses, certificates, and documents.
Sec. 746. Technical corrections.

TITLE VIII—POLLUTION FROM SHIPS

Sec. 801. Prevention of pollution from ships.
Sec. 802. Marine plastic pollution research and control.

TITLE IX—LAW ENFORCEMENT ENHANCEMENT

Sec. 901. Sanctions for failure to land or to bring to; sanctions for obstruction of boarding and providing false information.
Sec. 902. FAA summary revocation authority.
Sec. 903. Coast Guard air interdiction authority.
Sec. 904. Coast Guard civil penalty provisions.
Sec. 905. Customs orders.
Sec. 906. Customs civil penalty provisions.

TITLE X—CONVEYANCES

Sec. 1001. Conveyance of property in Massachusetts.
Sec. 1002. Conveyance of certain lighthouses located in Maine.
Sec. 1003. Conveyance of Squirrel Point Light.
Sec. 1004. Conveyance of Montauk Light Station, New York.
Sec. 1005. Conveyance of Point Arena Light Station.
Sec. 1006. Conveyance of property in Ketchikan, Alaska.
Sec. 1007. Conveyance of property in Traverse City, Michigan.
Sec. 1008. Transfer of Coast Guard property in New Shoreham, Rhode Island.
Sec. 1009. Conveyance of property in Santa Cruz, California.
Sec. 1010. Conveyance of vessel S/S RED OAK VICTORY.
Sec. 1011. Conveyance of equipment.
Sec. 1012. Property exchange.

TITLE XI—MISCELLANEOUS

Sec. 1101. Florida Avenue bridge.
Sec. 1102. Oil Spill Recovery Institute.
Sec. 1103. Limited double hull exemptions.
Sec. 1104. Oil spill response vessels.
Sec. 1105. Sense of the Congress regarding passengers aboard commercial vessels.
Sec. 1106. California cruise industry revitalization.
Sec. 1107. Lower Columbia River marine fire and safety activities.
Sec. 1108. Oil pollution research and training.
Sec. 1109. Limitation on relocation of Houston and Galveston Marine Safety Offices.
Sec. 1110. Uninspected fish-tender vessels.
Sec. 1111. Foreign passenger vessel user fees.
Sec. 1112. Coast Guard user fees.
Sec. 1113. Vessel financing.
Sec. 1114. Manning and watch requirements on towing vessels on the Great Lakes.
Sec. 1115. Repeal of Great Lakes endorsements.
Sec. 1116. Relief from United States documentation requirements.
Sec. 1117. Use of Canadian oil spill response and recovery vessels.
Sec. 1118. Judicial sale of certain documented vessels to aliens.
Sec. 1119. Improved authority to sell recyclable material.
Sec. 1120. Documentation of certain vessels.
Sec. 1121. Vessel deemed to be a recreational vessel.
Sec. 1122. Small passenger vessel pilot inspection program with the State of Minnesota.
Sec. 1123. Commonwealth of the Northern Mariana Islands fishing.
Sec. 1124. Availability of extrajudicial remedies for default on preferred mortgage liens on vessels.
Sec. 1125. Offshore facility financial responsibility requirements.
Sec. 1126. Deauthorization of navigation project, Cohasset Harbor, Massachusetts.

## TITLE I—AUTHORIZATION

**SEC. 101. AUTHORIZATION OF APPROPRIATIONS.**

(a) FISCAL YEAR 1996.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1996, as follows:

(1) For the operation and maintenance of the Coast Guard, $2,618,316,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.

(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $428,200,000, to remain available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.

(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $22,500,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.

(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $582,022,000.

(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program—

(A) $16,200,000, to remain available until expended, of which up to $14,200,000 may be made available under section 104(e) of title 49, United States Code; and

(B) for fiscal year 1995, $12,880,000, which may be made available under that section.

(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.

(b) AMOUNTS FROM THE DISCRETIONARY BRIDGE PROGRAM.—Section 104 of title 49, United States Code, is amended by adding at the end thereof the following:

''(e) Notwithstanding the provisions of sections 101(d) and 144 of title 23, highway bridges determined to be unreasonable obstructions to navigation under the Truman-Hobbs Act may be funded from amounts set aside from the discretionary bridge program. The Secretary shall transfer these allocations and the responsibility for administration of these funds to the United States Coast Guard.''.

**SEC. 102. AUTHORIZED LEVELS OF MILITARY STRENGTH AND TRAINING.**

(a) AUTHORIZED MILITARY STRENGTH LEVEL.—The Coast Guard is authorized an end-of-year strength for active duty personnel of 38,400 as of September 30, 1996. The authorized strength does not include members of the Ready Reserve called to active duty

for special or emergency augmentation of regular Coast Guard forces for periods of 180 days or less.

(b) AUTHORIZED LEVEL OF MILITARY TRAINING.—The Coast Guard is authorized average military training study loads for fiscal year 1996 as follows:

(1) For recruit and special training, 1,604 student years.

(2) For flight training, 85 student years.

(3) For professional training in military and civilian institutions, 330 student years.

(4) For officer acquisition, 874 student years.

## TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT

### SEC. 201. PROVISION OF CHILD DEVELOPMENT SERVICES.

(a) IN GENERAL.—Title 14, United States Code, is amended by inserting after section 514 the following new section:

**"§ 515. Child development services**

''(a) The Commandant may make child development services available for members and civilian employees of the Coast Guard, and thereafter as space is available for members of the Armed Forces and Federal civilian employees. Child development service benefits provided under the authority of this section shall be in addition to benefits provided under other laws.

''(b)(1) Except as provided in paragraph (2), the Commandant may require that amounts received as fees for the provision of services under this section at Coast Guard child development centers be used only for compensation of employees at those centers who are directly involved in providing child care.

''(2) If the Commandant determines that compliance with the limitation in paragraph (1) would result in an uneconomical and inefficient use of such fee receipts, the Commandant may (to the extent that such compliance would be uneconomical and inefficient) use such receipts—

''(A) for the purchase of consumable or disposable items for Coast Guard child development centers; and

''(B) if the requirements of such centers for consumable or disposable items for a given fiscal year have been met, for other expenses of those centers.

''(c) The Commandant shall provide for regular and unannounced inspections of each child development center under this section and may use Department of Defense or other training programs to ensure that all child development center employees under this section meet minimum standards of training with respect to early childhood development, activities and disciplinary techniques appropriate to children of different ages, child abuse prevention and detection,and appropriate emergency medical procedures.

''(d) Of the amounts available to the Coast Guard each fiscal year for operating expenses (and in addition to amounts received as fees), the Secretary may use for child development services under this section an amount not to exceed the total amount the Commandant estimates will be received by the Coast Guard in the fiscal year as fees for the provision of those services.

''(e) The Commandant may use appropriated funds available to the Coast Guard to provide assistance to family home day care providers so that family home day care services can be provided to uniformed service members and civilian employees of the Coast Guard at a cost comparable to the cost of services provided by Coast Guard child development centers.

''(f) The Secretary shall promulgate regulations to implement this section. The regulations shall establish fees to be charged for child development services provided under this section which take into consideration total family income.

''(g) For purposes of this section, the term 'child development center' does not include a child care services facility for which space is allotted under section 616 of the Act of December 22, 1987 (40 U.S.C. 490b).''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 13 of title 14, United States Code, is amended by inserting after the item related to section 514 the following:

''515. Child development services.''.

### SEC. 202. HURRICANE ANDREW RELIEF.

Section 2856 of the National Defense Authorization Act for Fiscal Year 1993 (Pub. L. 102–484) applies to the military personnel of the Coast Guard who were assigned to, or employed at or in connection with, any Federal facility or installation in the vicinity of Homestead Air Force Base, Florida, including the areas of Broward, Collier, Dade, and Monroe Counties, on or before August 24, 1992, except that funds available to the Coast Guard, not to exceed $25,000, shall be used. The Secretary of Transportation shall administer the provisions of section 2856 for the Coast Guard.

### SEC. 203. DISSEMINATION OF RESULTS OF 0–6 CONTINUATION BOARDS.

Section 289(f) of title 14, United States Code, is amended by striking ''Upon approval by the President, the names of the officers selected for continuation on active duty by the board shall be promptly disseminated to the service at large.''.

### SEC. 204. EXCLUDE CERTAIN RESERVES FROM END-OF-YEAR STRENGTH.

Section 712 of title 14, United States Code, is amended by adding at the end the following new subsection:

''(d) Members ordered to active duty under this section shall not be counted in computing authorized strength in members on active duty or members in grade under this title or under any other law.''.

### SEC. 205. OFFICER RETENTION UNTIL RETIREMENT ELIGIBLE.

Section 283(b) of title 14, United States Code, is amended—

(1) by inserting ''(1)'' after ''(b)'';

(2) by striking the last sentence; and

(3) by adding at the end the following:

''(2) Upon the completion of a term under paragraph (1), an officer shall, unless selected for further continuation—

''(A) except as provided in subparagraph (B), be honorably discharged with severance pay computed under section 286 of this title;

''(B) in the case of an officer who has completed at least 18 years of active service on the date of discharge under subparagraph (A), be retained on active duty and retired on the last day of the month in which the officer completes 20 years of active service, unless earlier removed under another provision of law; or

''(C) if, on the date specified for the officer's discharge under this section, the officer has completed at least 20 years of active service or is eligible for retirement under any law, be retired on that date.''.

### SEC. 206. CONTRACTS FOR HEALTH CARE SERVICES.

(a) Chapter 17 of title 14, United States Code, is amended by inserting after section 644 the following new section:

**"§ 644a. Contracts for health care services**

''(a) Subject to the availability of appropriations for this purpose; the Commandant may enter into personal services and other contracts to carry out health care responsibilities pursuant to section 93 of this title and other applicable provisions of law pertaining to the provision of health care services to Coast Guard personnel and covered beneficiaries. The authority provided in this subsection is in addition to any other contract authorities of the Commandant provided by law or as delegated to the Commandant from time to time by the Secretary, including but not limited to authority relating to the management of health care facilities and furnishing of health care services pursuant to title 10 and this title.

''(b) The total amount of compensation paid to an individual in any year under a personal services contract entered into under subsection (a) shall not exceed the amount of annual compensation (excluding allowances for expenses) allowable for such contracts entered into by the Secretary of Defense pursuant to section 1091 of title 10.

''(c)(1) The Secretary shall promulgate regulations to assure—

''(A) the provision of adequate notice of contract opportunities to individuals residing in the area of a medical treatment facility involved; and

''(B) consideration of interested individuals solely on the basis of the qualifications established for the contract and the proposed contract price.

''(2) Upon establishment of the procedures under paragraph (1), the Secretary may exempt personal services contracts covered by this section from the competitive contracting requirements specified in section 2304 of title 10, or any other similar requirements of law.

''(d) The procedures and exemptions provided under subsection (c) shall not apply to personal services contracts entered into under subsection (a) with entities other than individuals or to any contract that is not an authorized personal services contract under subsection (a).''.

(b) The table of sections for chapter 17 of title 14, United States Code, is amended by inserting after the item relating to section 644 the following:

''644a. Contracts for health care services.''.

(c) The amendments made by this section shall take effect on the date of enactment of this Act. Any personal services contract entered into on behalf of the Coast Guard in reliance upon the authority of section 1091 of title 10 before that date is confirmed and ratified and shall remain in effect in accordance with the terms of the contract.

### SEC. 207. RECRUITING.

(a) CAMPUS RECRUITING.—Section 558 of the National Defense Authorization Act for Fiscal Year 1995 (108 Stat. 2776) is amended—

(1) by inserting ''or the Department of Transportation'' in subsection (a)(1) after ''the Department of Defense'';

(2) by inserting ''or the Secretary of Transportation'' after ''the Secretary of Defense'' in subsection (a)(1); and

(3) by inserting ''and the Secretary of Transportation'' after ''the Secretary of Education'' in subsection (b).

(b) FUNDS FOR RECRUITING.—The text of section 468 of title 14, United States Code, is amended to read as follows:

''The Coast Guard may expend operating expense funds for recruiting activities, including but not limited to advertising and entertainment, in order to—

''(1) obtain recruits for the Service and cadet applicants; and

''(2) gain support of recruiting objectives from those who may assist in the recruiting effort.''.

(c) SPECIAL RECRUITING AUTHORITY.—Section 93 of title 14, United States Code, is amended—

(1) by striking ''and'' at the end of paragraph (t);

(2) by striking the period at the end of paragraph (u) and inserting a semicolon and the word ''and''; and

(3) by adding at the end the following:

''(v) employ special recruiting programs, including, subject to appropriations Acts, the provision of financial assistance by grant, cooperative agreement, or contract to public or private associations, organizations, and individuals (including academic scholarships for individuals), to meet identified personnel resource requirements.''.

**SEC. 208. ACCESS TO NATIONAL DRIVER REGISTER INFORMATION ON CERTAIN COAST GUARD PERSONNEL.**

(a) AMENDMENT TO TITLE 14.—Section 93 of title 14, United States Code, as amended by section 203, is further amended—

(1) by striking ''and'' after the semicolon at the end of paragraph (u);

(2) by striking the period at the end of paragraph (v) and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(w) require that any officer, chief warrant officer, or enlisted member of the Coast Guard or Coast Guard Reserve (including a cadet or an applicant for appointment or enlistment to any of the foregoing and any member of a uniformed service who is assigned to the Coast Guard) request that all information contained in the National Driver Register pertaining to the individual, as described in section 30304(a) of title 49, be made available to the Commandant under section 30305(a) of title 49, may receive that information, and upon receipt, shall make the information available to the individual.''.

(b) AMENDMENT TO TITLE 49.—Section 30305(b) of title 49, United States Code, is amended by redesignating paragraph (7) as paragraph (8) and inserting after paragraph (6) the following new paragraph:

''(7) An individual who is an officer, chief warrant officer, or enlisted member of the Coast Guard or Coast Guard Reserve (including a cadet or an applicant for appointment or enlistment of any of the foregoing and any member of a uniformed service who is assigned to the Coast Guard) may request the chief driver licensing official of a State to provide information about the individual under subsection (a) of this section to the Commandant of the Coast Guard. The Commandant may receive the information and shall make the information available to the individual. Information may not be obtained from the Register under this paragraph if the information was entered in the Register more than 3 years before the request, unless the information is about a revocation or suspension still in effect on the date of the request.''.

**SEC. 209. COAST GUARD HOUSING AUTHORITIES.**

(a) IN GENERAL.—Part I of title 14, United States Code, is amended by inserting after chapter 17 the following new chapter:

''CHAPTER 18—COAST GUARD HOUSING AUTHORITIES

''SUBCHAPTER A

''Section
''671. Definitions.
''672. General Authority.
''673. Direct loans and loan guarantees.
''674. Leasing of housing to be constructed.
''675. Investments in nongovernmental entities.
''676. Rental guarantees.
''677. Differential lease payments.
''678. Conveyance or lease of existing property and facilities.
''679. Interim leases.
''680. Unit size and type.
''681. Support facilities.
''682. Assignment of members of the armed forces to housing units.
''683. Coast Guard Housing Improvement Fund.
''684. Reports.
''685. Expiration of authority.

''SUBCHAPTER B

''691. Conveyance of damaged or deteriorated military family housing; use of proceeds.
''692. Limited partnerships with private developers of housing.

**''SUBCHAPTER A**

**''§ 671. Definitions**

''In this subchapter the term 'support facilities' means facilities relating to military housing units, including child care centers, day care centers, community centers, housing offices, maintenance complexes, dining facilities, unit offices, fitness centers, parks, and other similar facilities for the support of military housing.

**''§ 672. General authority**

''In addition to any other authority provided for the acquisition, construction, or improvement of military family housing or military unaccompanied housing, the Secretary may exercise any authority or any combination of authorities provided under this subchapter in order to provide for the acquisition, construction, improvement or rehabilitation by private persons of the following:

''(1) Family housing units on or near Coast Guard installations within the United States and its territories and possessions.

''(2) Unaccompanied housing units on or near such Coast Guard installations.

**''§ 673. Direct loans and loan guarantees**

''(a) DIRECT LOANS.—(1) Subject to subsection (c), the Secretary may make direct loans to persons in the private sector in order to provide funds to such persons for the acquisition, construction, improvement, or rehabilitation of housing units that the Secretary determines are suitable for use as military family housing or as military unaccompanied housing.

''(2) The Secretary shall establish such terms and conditions with respect to loans made under this subsection as the Secretary considers appropriate to protect the interests of the United States, including the period and frequency for repayment of such loans and the obligations of the obligors on such loans upon default.

''(b) LOAN GUARANTEES.—(1) Subject to subsection (c), the Secretary may guarantee a loan made to any person in the private sector if the proceeds of the loan are to be used by the person to acquire, construct, improve, or rehabilitate housing units that the Secretary determines are suitable for use as military family housing or as military unaccompanied housing.

''(2) The amount of a guarantee on a loan that may be provided under paragraph (1) may not exceed the amount equal to the lesser of—

''(A) the amount equal to 80 percent of the value of the project; or

''(B) the amount of the outstanding principal of the loan.

''(3) The Secretary shall establish such terms and conditions with respect to guarantees of loans under this subsection as the Secretary considers appropriate to protect the interests of the United States, including the rights and obligations of obligors of such loans and the rights and obligations of the United States with respect to such guarantees.

''(c) LIMITATION ON DIRECT LOAN AND GUARANTEE AUTHORITY.—Direct loans and loan guarantees may be made under this section only to the extent that appropriations of budget authority to cover their cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5)) are made in advance, or authority is otherwise provided in appropriations Acts. If such appropriation or other authority is provided, there may be established a financing account (as defined in section 502(7) of such Act (2 U.S.C. 661a(7)) which shall be available for the disbursement of direct loans or payment of claims for payment on loan guarantees under this section and for all other cash flows to and from the Government as a result of direct loans and guarantees made under this section.

**''§ 674. Leasing of housing to be constructed**

''(a) BUILD AND LEASE AUTHORIZED.—The Secretary may enter into contracts for the lease of family housing units or unaccompanied housing units to be constructed, improved, or rehabilitated under this subchapter.

''(b) LEASE TERMS.—A contract under this section may be for any period that the Secretary determines appropriate.

**''§ 675. Investments in nongovernmental entities**

''(a) INVESTMENTS AUTHORIZED.—The Secretary may make investments in nongovernmental entities carrying out projects for the acquisition, construction, improvement, or rehabilitation of housing units suitable for use as military family housing or as military unaccompanied housing.

''(b) FORMS OF INVESTMENT.—An investment under this section may take the form of a direct investment by the United States, an acquisition of a limited partnership interest by the United States, a purchase of stock or other equity instruments by the United States, a purchase of bonds or other debt instruments by the United States, or any combination of such forms of investment.

''(c) LIMITATION ON VALUE OF INVESTMENT.—(1) The cash amount of an investment under this section in a nongovernmental entity may not exceed an amount equal to 35 percent of the capital cost (as determined by the Secretary) of the project or projects that the entity proposes to carry out under this section with the investment.

''(2) If the Secretary conveys land or facilities to a nongovernmental entity as all or part of an investment in the entity under this section, the total value of the investment by the Secretary under this section may not exceed an amount equal to 45 percent of the capital cost (as determined by the Secretary) of the project or projects that the entity proposes to carry out under this section with the investment.

''(3) In this subsection, the term 'capital cost', with respect to a project for the acquisition, construction, improvement, or rehabilitation of housing, means the total amount of the costs included in the basis of the housing for Federal income tax purposes.

''(d) COLLATERAL INCENTIVE AGREEMENTS.—The Secretary may enter into collateral incentive agreements with nongovernmental entities in which the Secretary makes an investment under this section to ensure that a suitable preference will be afforded members of the armed forces in the lease or purchase, as the case may be, of a reasonable number of the housing units covered by the investment.

**''§ 676. Rental guarantees**

''The Secretary may enter into agreements with private persons that acquire, construct, improve, or rehabilitate family housing units or unaccompanied housing units under this subchapter in order to assure—

''(1) the occupancy of such units at levels specified in the agreements; or

''(2) rental income derived from rental of such units at levels specified in the agreements.

**''§ 677. Differential lease payments**

''The Secretary, pursuant to an agreement entered into by the Secretary and a private lessor of family housing or unaccompanied

housing to members of the armed forces, may pay the lessor an amount in addition to the rental payments for the housing made by the members as the Secretary determines appropriate to encourage the lessor to make the housing available to members of the armed forces as family housing or as unaccompanied housing.

**"§ 678. Conveyance or lease of existing property and facilities**

''(a) CONVEYANCE OR LEASE AUTHORIZED.—The Secretary may convey or lease property or facilities (including support facilities) to private persons for purposes of using the proceeds of such conveyance or lease to carry out activities under this subchapter.

''(b) TERMS AND CONDITIONS.—(1) The conveyance or lease of property or facilities under this section shall be for such consideration and upon such terms and conditions as the Secretary considers appropriate for the purposes of this subchapter and to protect the interests of the United States.

''(2) As part or all of the consideration for a conveyance or lease under this section, the purchaser or lessor (as the case may be) may enter into an agreement with the Secretary to ensure that a suitable preference will be afforded members of the armed forces in the lease or sublease of a reasonable number of the housing units covered by the conveyance or lease, as the case may be, or in the lease of other suitable housing units made available by the purchaser or lessee.

''(c) INAPPLICABILITY OF CERTAIN PROPERTY MANAGEMENT LAWS.—The conveyance or lease of property or facilities under this section shall not be subject to the following provisions of law:

''(1) The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(2) Section 321 of the Act of June 30, 1932 (commonly known as the Economy Act) (47 Stat. 412, chapter 314; 40 U.S.C. 303b).

''(3) The Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.).

**"§ 679. Interim leases**

''Pending completion of a project to acquire, construct, improve, or rehabilitate family housing units or unaccompanied housing units under this subchapter, the Secretary may provide for the interim lease of such units of the project as are complete. The term of a lease under this section may not extend beyond the date of the completion of the project concerned.

**"§ 680. Unit size and type**

''The Secretary shall ensure that the room patterns and floor areas of family housing units and unaccompanied housing units acquired, constructed, improved, or rehabilitated under this subchapter are generally comparable to the room patterns and floor areas of similar housing units in the locality concerned.

**"§ 681. Support facilities**

''Any project for the acquisition, construction, improvement, or rehabilitation of family housing units or unaccompanied housing units under this subchapter may include the acquisition, construction, or improvement of support facilities for the housing units concerned.

**"§ 682. Assignment of members of the armed forces to housing units**

''(a) IN GENERAL.—The Secretary may assign members of the armed forces to housing units acquired, constructed, improved, or rehabilitated under this subchapter.

''(b) EFFECT OF CERTAIN ASSIGNMENTS ON ENTITLEMENT TO HOUSING ALLOWANCES.—(1) Except as provided in paragraph (2), housing referred to in subsection (a) shall be considered as quarters of the United States or a housing facility under the jurisdiction of a uniformed service for purposes of section 403(b) of title 37.

''(2) A member of the armed forces who is assigned in accordance with subsection (a) to a housing unit not owned or leased by the United States shall be entitled to a basic allowance for quarters under section 403 of title 37 and, if in a high housing cost area, a variable housing allowance under section 403a of that title.

''(c) LEASE PAYMENTS THROUGH PAY ALLOTMENTS.—The Secretary may require members of the armed forces who lease housing in housing units acquired, constructed, improved, or rehabilitated under this subchapter to make lease payments for such housing pursuant to allotments of the pay of such members under section 701 of title 37.

**"§ 683. Coast Guard Housing Improvement Fund**

''(a) ESTABLISHMENT.—There is hereby established on the books of the Treasury an account to be known as the Coast Guard Housing Improvement Fund (in this section referred to as the 'Fund').

''(b) CREDITS TO FUND.—There shall be credited to the Fund the following:

''(1) Funds appropriated to the Fund.

''(2) Any funds that the Secretary may, to the extent provided in appropriation Acts, transfer to the Fund from funds appropriated to the Department of Transportation or Coast Guard for family housing, except that such funds may be transferred only after the Secretary transmits written notice of, and justification for, such transfer to the appropriate committees of Congress.

''(3) Any funds that the Secretary may, to the extent provided in appropriations Acts, transfer to the Fund from funds appropriated to the Department of Transportation or Coast Guard for military unaccompanied housing or for the operation and maintenance of military unaccompanied housing, except that such funds may be transferred only after the Secretary transmits written notice of, and justification for, such transfer to the appropriate committees of Congress.

''(4) Proceeds from the conveyance or lease of property or facilities under section 678 of this title.

''(5) Income from any activities under this subchapter, including interest on loans made under section 673 of this title, income and gains realized from investments under section 675 of this title, and any return of capital invested as part of such investments.

''(c) USE OF FUNDS.—(1) To the extent provided in appropriations Acts and except as provided in paragraphs (2) and (3), the Secretary may use amounts in the Fund to carry out activities under this subchapter (including activities required in connection with the planning, execution, and administration of contracts or agreements entered into under the authority of this subchapter).

''(2)(A) Funds in the Fund that are derived from appropriations or transfers of funds for military family housing, or from income from activities under this subchapter with respect to such housing, may be used in accordance with paragraph (1) only to carry out activities under this subchapter with respect to military family housing.

''(B) Funds in the Fund that are derived from appropriations or transfers of funds for military unaccompanied housing, or from income from activities under this subchapter with respect to such housing, may be used in accordance with paragraph (1) only to carry out activities under this subchapter with respect to military unaccompanied housing.

''(3) The Secretary may not enter into a contract or agreement to carry out activities under this subchapter unless the Fund contains sufficient amounts, as of the time the contract or agreement is entered into, to satisfy the total obligations to be incurred by the United States under the contract or agreement.

''(d) LIMITATION ON AMOUNT OF BUDGET AUTHORITY.—The total value in budget authority of all contracts, agreements, and investments undertaken using the authorities provided in this subchapter shall not exceed $60,000,000.

**"§ 684. Reports**

The Secretary shall include each year in the materials the Secretary submits to the Congress in support of the budget submitted by the President pursuant to section 1105 of title 31, United States Code, the following:

''(1) A report on the amount and nature of the deposits into, and the expenditures from, the Coast Guard Housing Improvement Fund established under section 683 of this title during the preceding fiscal year.

''(2) A report on each contract or agreement for a project for the acquisition, construction, improvement, or rehabilitation of family housing units or unaccompanied housing units that the Secretary proposes to solicit under this subchapter, describing the project and the method of participation of the United States in the project and providing justification of such method of participation.

''(3) A methodology for evaluating the extent and effectiveness of the use of the authorities under this subchapter during such preceding fiscal year.

''(4) A description of the objectives of the Department of Transportation for providing military family housing and military unaccompanied housing for members of the Coast Guard.

**"§ 685. Expiration of authority**

''The authority to enter into a transaction under this subchapter shall expire 5 years after the date of the enactment of the Coast Guard Authorization Act of 1995.

''SUBCHAPTER B

**"§ 691. Conveyance of damaged or deteriorated military family housing; use of proceeds**

''(a) AUTHORITY TO CONVEY.—

''(1) Subject to paragraph (2), the Secretary may convey any family housing facility that, due to damage or deterioration, is in a condition that is uneconomical to repair. Any conveyance of a family housing facility under this section may include a conveyance of the real property associated with the facility conveyed.

''(2) The aggregate total value of the family housing facilities conveyed by the Secretary under the authority in this subsection in any fiscal year may not exceed $5,000,000.

''(3) For purposes of this subsection, a family housing facility is in a condition that is uneconomical to repair if the cost of the necessary repairs for the facility would exceed the amount equal to 70 percent of the cost of constructing a family housing facility to replace such a facility.

''(b) CONSIDERATION.—

''(1) As consideration for the conveyance of a family housing facility under subsection (a), the person to whom the facility is conveyed shall pay the United States an amount equal to the fair market value of the facility conveyed, including any real property conveyed along with the facility.

''(2) The Secretary shall determine the fair market value of any family housing facility and associated real property that is conveyed under subsection (a). Such determinations shall be final.

''(c) NOTICE AND WAIT REQUIREMENTS.—The Secretary may not enter into an agreement to convey a family housing facility under this section until—

''(1) the Secretary submits to the appropriate committees of Congress, in writing, a justification for the conveyance under the agreement, including—

''(A) an estimate of the consideration to be provided the United States under the agreement;

''(B) an estimate of the cost of repairing the family housing facility to be conveyed; and

''(C) an estimate of the cost of replacing the family housing facility to be conveyed; and

''(2) a period of 21 calendar days has elapsed after the date on which the justification is received by the committees.

''(d) INAPPLICABILITY OF CERTAIN PROPERTY DISPOSAL LAWS.—The following provisions of law do not apply to the conveyance of a family housing facility under this section:

''(1) The provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(2) The provisions of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.).

''(e) USE OF PROCEEDS.—(1) The proceeds of any conveyance of a family housing facility under this section shall be credited to the Coast Guard Housing Improvement Fund (Fund) established under section 683 of this title and available for the purposes described in paragraph (2).

''(2) The proceeds of a conveyance of a family housing facility under this section may be used for the following purposes:

''(A) To construct family housing units to replace the family housing facility conveyed under this section, but only to the extent that the number of units constructed with such proceeds does not exceed the number of units of military family housing of the facility conveyed.

''(B) To repair or restore existing military family housing.

''(C) To reimburse the Secretary for the costs incurred by the Secretary in conveying the family housing facility.

''(3) Notwithstanding section 683(c) of this title, proceeds in the account under this subsection shall be available under paragraph (1) for purposes described in paragraph (2) without any further appropriation.

''(f) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of any family housing facility conveyed under this section, including any real property associated with such facility, shall be determined by such means as the Secretary considers satisfactory, including by survey in the case of real property.

''(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance of family housing facilities under this section as the Secretary considers appropriate to protect the interests of the United States.

**''§ 692. Limited partnerships with private developers of housing**

''(a) LIMITED PARTNERSHIPS.—(1) In order to meet the housing requirements of members of the Coast Guard, and the dependents of such members, at a military installation described in paragraph (2), the Secretary of Transportation may enter into a limited partnership with one or more private developers to encourage the construction of housing and accessory structures within commuting distance of the installation. The Secretary may contribute not more than 35 percent of the development costs under a limited partnership.

''(2) Paragraph (1) applies to a military installation under the jurisdiction of the Secretary at which there is a shortage of suitable housing to meet the requirements of members and dependents referred to in such paragraph.

''(b) COLLATERAL INCENTIVE AGREEMENTS.—The Secretary may also enter into collateral incentive agreements with private developers who enter into a limited partnership under subsection (a) to ensure that, where appropriate—

''(1) a suitable preference will be afforded members of the Coast Guard in the lease or purchase, as the case may be, of a reasonable number of the housing units covered by the limited partnership; or

''(2) the rental rates or sale prices, as the case may be, for some or all of such units will be affordable for such members.

''(c) SELECTION OF INVESTMENT OPPORTUNITIES.—

''(1) The Secretary shall use publicly advertised, competitively bid or competitively negotiated, contracting procedures, as provided in chapter 137 of title 10, United States Code, to enter into limited partnerships under subsection (a).

''(2) When a decision is made to enter into a limited partnership under subsection (a), the Secretary shall submit a report in writing to the appropriate committees of Congress on that decision. Each such report shall include the justification for the limited partnership, the terms and conditions of the limited partnership, a description of the development costs for projects under the limited partnership, and a description of the share of such costs to be incurred by the Secretary. The Secretary may then enter into the limited partnership only after the end of the 21-day period beginning on the date the report is received by such committees.

''(d) FUNDS.—(1) Any proceeds received by the Secretary from the repayment of investments or profits on investments of the Secretary under subsection (a) shall be deposited into the Coast Guard Housing Improvement Fund established under section 683 of this title.

''(2) From such amounts as is provided in advance in appropriation Acts, funds in the Coast Guard Housing Improvement Fund shall be available to the Secretary for contracts, investments, and expenses necessary for the implementation of this section.

''(3) The Secretary may not enter into a contract in connection with a limited partnership under subsection (a) or a collateral incentive agreement under subsection (b) unless a sufficient amount of the unobligated balance of the funds in the Coast Guard Housing Improvement Fund is available to the Secretary, as of the time the contract is entered into, to satisfy the total obligations to be incurred by the United States under the contract.

''(e) TRANSFER OF LANDS PROHIBITED.—Nothing in this section shall be construed to permit the Secretary, as part of a limited partnership entered into under this section, to transfer the right, title, or interest of the United States in any real property under the jurisdiction of the Secretary.

''(f) EXPIRATION AND TERMINATION OF AUTHORITIES.—The authority to enter into a transaction under this section shall expire 5 years after the date of the enactment of the Coast Guard Authorization Act of 1995.''.

(b) FINAL REPORT.—Not later than March 1, 2000, the Secretary shall submit to Congress a report on the use by the Secretary of the authorities provided by subchapter A of chapter 18 of title 14, United States Code, as added by subsection (a) of this section. The report shall assess the effectiveness of such authority in providing for the construction and improvement of military family housing and military unaccompanied housing.

(c) CLERICAL AMENDMENT.—The table of chapters at the beginning of part I of title 14, is amended by inserting after the item relating to chapter 17 the following:

''18. Coast Guard Housing Authorities ..... 671.''.

**SEC. 210. BOARD FOR CORRECTION OF MILITARY RECORDS DEADLINE.**

(a) REMEDIES DEEMED EXHAUSTED.—Ten months after a complete application for correction of military records is received by the Board for Correction of Military Records of the Coast Guard, administrative remedies are deemed to have been exhausted, and—

(1) if the Board has rendered a recommended decision, its recommendation shall be final agency action and not subject to further review or approval within the Department of Transportation; or

(2) if the Board has not rendered a recommended decision, agency action is deemed to have been unreasonably delayed or withheld and the applicant is entitled to—

(A) an order under section 706(1) of title 5, United States Code, directing final action be taken within 30 days from the date the order is entered; and

(B) from amounts appropriated to the Department of Transportation, the costs of obtaining the order, including a reasonable attorney's fee.

(b) EXISTING DEADLINE MANDATORY.—The 10-month deadline established in section 212 of the Coast Guard Authorization Act of 1989 (Public Law 101–225; 103 Stat. 1914) is mandatory.

(c) SPECIAL RIGHT OF APPLICATIONS UNDER THIS SECTION.—This section applies to any applicant who had an application filed with or pending before the Board or the Secretary of Transportation on or after June 12, 1990, who files with the board an application for relief under this section. If a recommended decision was modified or reversed on review with final agency action occurring after expiration of the 10-month deadline, an applicant who so requests shall have the order in the final decision vacated and receive the relief granted in the recommended decision if the Coast Guard has the legal authority to grant such relief. The recommended decision shall otherwise have no effect as precedent.

## TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT

**SEC. 301. INCREASED PENALTIES FOR DOCUMENTATION VIOLATIONS.**

(a) CIVIL PENALTY.— Section 12122(a) of title 46, United States Code, is amended by striking ''$500'' and inserting ''$10,000''.

(b) SEIZURE AND FORFEITURE.—

(1) IN GENERAL.— Section 12122(b) of title 46, United States Code, is amended to read as follows:

''(b) A vessel and its equipment are liable to seizure by and forfeiture to the United States Government—

''(1) when the owner of a vessel or the representative or agent of the owner knowingly falsifies or conceals a material fact, or knowingly makes a false statement or representation about the documentation or when applying for documentation of the vessel;

''(2) when a certificate of documentation is knowingly and fraudulently used for a vessel;

''(3) when a vessel is operated after its endorsement has been denied or revoked under section 12123 of this title;

''(4) when a vessel is employed in a trade without an appropriate trade endorsement;

''(5) when a documented vessel with only a recreational endorsement is operated other than for pleasure; or

''(6) when a documented vessel, other than a vessel with only a recreational endorsement operating within the territorial waters of the United States, is placed under the command of a person not a citizen of the United States.''.

(2) CONFORMING AMENDMENT.—Section 12122(c) of title 46, United States Code, is repealed.

(c) LIMITATION ON OPERATION OF VESSEL WITH ONLY RECREATIONAL ENDORSEMENT.—Section 12110(c) of title 46, United States Code, is amended to read as follows:

''(c) A vessel with only a recreational endorsement may not be operated other than for pleasure.''.

(d) TERMINATION OF RESTRICTION ON COMMAND OF RECREATIONAL VESSELS.—

(1) TERMINATION OF RESTRICTION.—Subsection (d) of section 12110 of title 46, United States Code, is amended by inserting '', other than a vessel with only a recreational endorsement operating within the territorial waters of the United States,'' after ''A documented vessel''; and

(2) CONFORMING AMENDMENT.—Section 12111(a)(2) of title 46, United States Code, is amended by inserting before the period the following: ''in violation of section 12110(d) of this title''.

**SEC. 302. NONDISCLOSURE OF PORT SECURITY PLANS.**

Section 7 of the Ports and Waterways Safety Act (33 U.S.C. 1226), is amended by adding at the end the following new subsection (c):

''(c) NONDISCLOSURE OF PORT SECURITY PLANS.—Notwithstanding any other provision of law, information related to security plans, procedures, or programs for passenger vessels or passenger terminals authorized under this Act is not required to be disclosed to the public.''.

**SEC. 303. MARITIME DRUG AND ALCOHOL TESTING PROGRAM CIVIL PENALTY.**

(a) IN GENERAL.—Chapter 21 of title 46, United States Code, is amended by adding at the end a new section 2115 to read as follows:

**''§ 2115. Civil penalty to enforce alcohol and dangerous drug testing**

''Any person who fails to implement or conduct, or who otherwise fails to comply with the requirements prescribed by the Secretary for, chemical testing for dangerous drugs or for evidence of alcohol use, as prescribed under this subtitle or a regulation prescribed by the Secretary to carry out the provisions of this subtitle, is liable to the United States Government for a civil penalty of not more than $1,000 for each violation. Each day of a continuing violation shall constitute a separate violation.''.

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 21 of title 46, United States Code, is amended by inserting after the item relating to section 2114 the following:

''2115. Civil penalty to enforce alcohol and dangerous drug testing.''.

**SEC. 304. RENEWAL OF ADVISORY GROUPS.**

(a) NAVIGATION SAFETY ADVISORY COUNCIL.—Section 5(d) of the Inland Navigational Rules Act of 1980 (33 U.S.C. 2073) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

(b) COMMERCIAL FISHING INDUSTRY VESSEL ADVISORY COMMITTEE.—Subsection (e)(1) of section 4508 of title 46, United States Code, is amended by striking ''September 30, 1994'' and inserting ''September 30, 2000''.

(c) TOWING SAFETY ADVISORY COMMITTEE.—Subsection (e) of the Act to Establish A Towing Safety Advisory Committee in the Department of Transportation (33 U.S.C. 1231a(e)) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

(d) HOUSTON-GALVESTON NAVIGATION SAFETY ADVISORY COMMITTEE.—The Coast Guard Authorization Act of 1991 (Public Law 102–241, 105 Stat. 2208–2235) is amended by adding at the end of section 18 the following:

''(h) The Committee shall terminate on September 30, 2000.''.

(e) LOWER MISSISSIPPI RIVER WATERWAY ADVISORY COMMITTEE.—The Coast Guard Authorization Act of 1991 (Public Law 102–241, 105 Stat. 2208–2235) is amended by adding at the end of section 19 the following:

''(g) The Committee shall terminate on September 30, 2000.''.

**SEC. 305. ELECTRONIC FILING OF COMMERCIAL INSTRUMENTS.**

Section 31321(a) of title 46, United States Code, is amended by adding at the end the following new paragraph:

''(4)(A) A bill of sale, conveyance, mortgage, assignment, or related instrument may be filed electronically under regulations prescribed by the Secretary.

''(B) A filing made electronically under subparagraph (A) shall not be effective after the 10-day period beginning on the date of the filing unless the original instrument is provided to the Secretary within that 10-day period.''.

**SEC. 306. CIVIL PENALTIES.**

(a) PENALTY FOR FAILURE TO REPORT A CASUALTY.—Section 6103(a) of title 46, United States Code is amended by striking ''$1,000'' and inserting ''not more than $25,000''.

(b) OPERATION OF UNINSPECTED TOWING VESSEL IN VIOLATION OF MANNING REQUIREMENTS.—Section 8906 of title 46, United States Code, is amended by striking ''$1,000'' and inserting ''not more than $25,000''.

**SEC. 307. AMENDMENT TO REQUIRE EPIRBS ON THE GREAT LAKES.**

Paragraph (7) of section 4502(a) of title 46, United States Code, is amended by inserting ''or beyond three nautical miles from the coastline of the Great Lakes'' after ''high seas''.

**SEC. 308. REPORT ON LORAN-C REQUIREMENTS.**

Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation, in cooperation with the Secretary of Commerce, shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a plan prepared in consultation with users of the LORAN-C radionavigation system defining the future use of and funding for operations, maintenance, and upgrades of the LORAN-C radionavigation system. The plan shall provide for—

(1) mechanisms to make full use of compatible satellite and LORAN-C technology by all modes of transportation, the telecommunications industry, and the National Weather Service;

(2) an appropriate timetable for transition from ground-based radionavigation technology after it is determined that satellite-based technology is available as a sole means of safe and efficient navigation and taking into consideration the need to ensure that LORAN-C technology purchased by the public before the year 2000 has a useful economic life; and

(3) agencies in the Department of Transportation and other relevant Federal agencies to share the Federal government's costs related to LORAN-C technology.

**SEC. 309. RESTRICTIONS ON CLOSURE OF SMALL BOAT STATIONS.**

(a) PROHIBITION.— The Secretary of Transportation (hereinafter in this section referred to as the ''Secretary'') shall not close any Coast Guard multi-mission small boat station or subunit before October 1, 1996.

(b) CLOSURE REQUIREMENTS.—After October 1, 1996, the Secretary shall not close any Coast Guard multi-mission small boat station or subunit unless the following requirements have been met:

(1) The Secretary shall determine that—

(A) adequate search-and-rescue capabilities will maintain the safety of the maritime public in the area of the station or subunit; and

(B) the closure will not result in degradation of services (including but not limited to search and rescue, enforcement of fisheries and other laws and treaties, recreational boating safety, port safety and security, aids to navigation, and military readiness) that would cause significant increased threat to life, property, environment, public safety or national security.

(2) In making the decision to close a station or subunit, the Secretary shall assess—

(A) the benefit of the station or subunit in deterring or preventing violations of applicable laws and regulations;

(B) unique regional or local prevailing weather and marine conditions including water temperature and unusual tide and current conditions; and

(C) other Federal, State, and local government capabilities which could fully or partially substitute for services provided by such station or subunit.

(4) The Secretary shall develop a transition plan for the area affected by the closure to ensure the Coast Guard service needs of the area continue to be met.

(5) The Secretary shall implement a process to—

(A) notify the public of the intended closure;

(B) make available to the public information used in making the determination and assessment under this section; and

(C) provide an opportunity for public participation, including public meetings and the submission of and summary response to written comments, with regard to the decision to close the station or subunit and the development of a transition plan.

(c) NOTIFICATION.—If, after the requirements of subsection (b) are met and after consideration of public comment, the Secretary decides to close a small-boat station or subunit, the Secretary shall provide notification of that decision, at least 60 days before the closure is effected, to the public, the Committee on Commerce, Science and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

(d) OPERATIONAL FLEXIBILITY.—Notwithstanding the requirements of this section, the Secretary may implement any management efficiencies within the small boat system, such as modifying the operational posture of units or reallocating resources as necessary to ensure the safety of the maritime public nationwide, provided that no stations or subunits are closed.

**SEC. 310. PENALTY FOR ALTERATION OF MARINE SAFETY EQUIPMENT.**

Section 3318(b) of title 46, United States Code, is amended—

(1) by inserting ''(1)'' before ''A person''; and

(2) by adding at the end thereof the following:

''(2) A person that knowingly alters lifesaving, fire safety, or any other equipment subject to this part, so that the equipment altered is so defective as to be insufficient to accomplish the purpose for which it is intended, commits a class D felony.''.

**SEC. 311. PROHIBITION ON OVERHAUL, REPAIR, AND MAINTENANCE OF COAST GUARD VESSELS IN FOREIGN SHIPYARDS.**

(a) PROHIBITION.—Chapter 5 of title 14, United States Code, is amended by adding at the end the following:

**"§ 96. Prohibition on overhaul, repair, and maintenance of Coast Guard vessels in foreign shipyards**

''A Coast Guard vessel may not be overhauled, repaired, or maintained in any shipyard located outside the United States, except that this section does not apply to emergency repairs.''.

(b) CLERICAL AMENDMENT.—The chapter analysis for chapter 5 of title 14, United States Code, is amended by adding at the end the following:

''96. Prohibition on overhaul, repair, and maintenance of Coast Guard vessels in foreign shipyards.''.

**SEC. 312. WITHHOLDING VESSEL CLEARANCE FOR VIOLATION OF CERTAIN ACTS.**

(a) TITLE 49, UNITED STATES CODE.—Section 5122 of title 49, United States Code, is amended by adding at the end the following new subsection:

''(c) WITHHOLDING OF CLEARANCE.—(1) If any owner, operator, or person in charge of a vessel is liable for a civil penalty under section 5123 of this title or for a fine under section 5124 of this title, or if reasonable cause exists to believe that such owner, operator, or person in charge may be subject to such a civil penalty or fine, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance refused or revoked under this subsection may be granted upon the filing of a bond or other surety satisfactory to the Secretary.''.

(b) PORT AND WATERWAYS SAFETY ACT.—Section 13(f) of the Ports and Waterways Safety Act (33 U.S.C. 1232(f)) is amended to read as follows:

''(f) WITHHOLDING OF CLEARANCE.—(1) If any owner, operator, or person in charge of a vessel is liable for a penalty or fine under this section, or if reasonable cause exists to believe that the owner, operator, or person in charge may be subject to a penalty or fine under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''.

(c) INLAND NAVIGATION RULES ACT OF 1980.—Section 4(d) of the Inland Navigational Rules Act of 1980 (33 U.S.C. 2072(d)) is amended to read as follows:

''(d) WITHHOLDING OF CLEARANCE.—(1) If any owner, operator, or person in charge of a vessel is liable for a penalty under this section, or if reasonable cause exists to believe that the owner, operator, or person in charge may be subject to a penalty under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance or a permit refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''.

(d) TITLE 46, UNITED STATES CODE.—Section 3718(e) of title 46, United States Code, is amended to read as follows:

''(e)(1) If any owner, operator, or person in charge of a vessel is liable for any penalty or fine under this section, or if reasonable cause exists to believe that the owner, operator, or person in charge may be subject to any penalty or fine under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91).

''(2) Clearance or a permit refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''.

## TITLE IV—COAST GUARD AUXILIARY

**SEC. 401. ADMINISTRATION OF THE COAST GUARD AUXILIARY.**

(a) Section 821, title 14, United States Code, is amended to read as follows:

''(a) The Coast Guard Auxiliary is a nonmilitary organization administered by the Commandant under the direction of the Secretary. For command, control, and administrative purposes, the Auxiliary shall include such organizational elements and units as are approved by the Commandant, including but not limited to, a national board and staff (Auxiliary headquarters unit), districts, regions, divisions, flotillas, and other organizational elements and units. The Auxiliary organization and its officers shall have such rights, privileges, powers, and duties as may be granted to them by the Commandant, consistent with this title and other applicable provisions of law. The Commandant may delegate to officers of the Auxiliary the authority vested in the Commandant by this section, in the manner and to the extent the Commandant considers necessary or appropriate for the functioning, organization, and internal administration of the Auxiliary.

''(b) Each organizational element or unit of the Coast Guard Auxiliary organization (but excluding any corporation formed by an organizational element or unit of the Auxiliary under subsection (c) of this section), shall, except when acting outside the scope of section 822, at all times be deemed to be an instrumentality of the United States, for purposes of the Federal Tort Claims Act (28 U.S.C. 2671, et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781–790), the Suits in Admiralty Act (46 U.S.C. App. 741–752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes.

''(c) The national board of the Auxiliary, and any Auxiliary district or region, may form a corporation under State law, provided that the formation of such a corporation is in accordance with policies established by the Commandant.''.

(b) The section heading for section 821 of title 14, United States Code, is amended after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.

(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 821, after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.

**SEC. 402. PURPOSE OF THE COAST GUARD AUXILIARY.**

(a) Section 822 of title 14, United States Code, is amended by striking the entire text and inserting:

''The purpose of the Auxiliary is to assist the Coast Guard, as authorized by the Commandant, in performing any Coast Guard function, power, duty, role, mission, or operation authorized by law.''.

(b) The section heading for section 822 of title 14, United States Code, is amended after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.

(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 822, after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.

**SEC. 403. MEMBERS OF THE AUXILIARY; STATUS.**

(a) Title 14, United States Code, is amended by inserting after section 823 the following new section:

**''§ 823a. Members of the Auxiliary; status**

''(a) Except as otherwise provided in this chapter, a member of the Coast Guard Auxiliary shall not be deemed to be a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, Federal employee benefits, ethics, conflicts of interest, and other similar criminal or civil statutes and regulations governing the conduct of Federal employees. However, nothing in this subsection shall constrain the Commandant from prescribing standards for the conduct and behavior of members of the Auxiliary.

''(b) A member of the Auxiliary while assigned to duty shall be deemed to be a Federal employee only for the purposes of the following:

''(1) the Federal Tort Claims Act (28 U.S.C. 2671 et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781–790), the Suits in Admiralty Act (46 U.S.C. App. 741–752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes;

''(2) compensation for work injuries under chapter 81 of title 5, United States Code; and

''(3) the resolution of claims relating to damage to or loss of personal property of the member incident to service under the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 3721).

''(c) A member of the Auxiliary, while assigned to duty, shall be deemed to be a person acting under an officer of the United States or an agency thereof for purposes of section 1442(a)(1) of title 28, United States Code.''.

(b) The table of sections for chapter 23 of title 14, United States Code, is amended by inserting the following new item after the item relating to section 823:

''823a. Members of the Auxiliary; status.''.

**SEC. 404. ASSIGNMENT AND PERFORMANCE OF DUTIES.**

Title 14, United States Code, is amended by striking ''specific'' each place it appears in sections 830, 831, and 832.

**SEC. 405. COOPERATION WITH OTHER AGENCIES, STATES, TERRITORIES, AND POLITICAL SUBDIVISIONS.**

(a) Section 141 of title 14, United States Code, is amended —

(1) by striking ''General'' in the section caption and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions'';

(2) by inserting ''(which include members of the Auxiliary and facilities governed under chapter 23)'' after ''personnel and facilities'' in the first sentence of subsection (a); and

(3) by adding at the end of subsection (a) the following: ''The Commandant may prescribe conditions, including reimbursement, under which personnel and facilities may be provided under this subsection.''.

(b) The table of sections for chapter 7 of title 14, United States Code, is amended by striking ''General'' in the item relating to section 141 and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions.''.

**SEC. 406. VESSEL DEEMED PUBLIC VESSEL.**

The text of section 827 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any motorboat or yacht shall be deemed to be a public vessel of the United States and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law.''.

**SEC. 407. AIRCRAFT DEEMED PUBLIC AIRCRAFT.**

The text of section 828 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any aircraft shall be deemed to be a Coast Guard aircraft, a public vessel of the United States, and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law. Subject to the provisions of sections 823a and 831 of this title, while assigned to duty, qualified Auxiliary pilots shall be deemed to be Coast Guard pilots.''.

**SEC. 408. DISPOSAL OF CERTAIN MATERIAL.**

Section 641(a) of title 14, United States Code, is amended—

(1) by inserting ''to the Coast Guard Auxiliary, including any incorporated unit thereof,'' after ''with or without charge,''; and

(2) by striking ''to any incorporated unit of the Coast Guard Auxiliary,'' after ''America,''.

## TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT

**SEC. 501. STATE RECREATIONAL BOATING SAFETY GRANTS.**

(a) TRANSFER OF AMOUNTS FOR STATE BOATING SAFETY PROGRAMS.—

(1) TRANSFERS.—Section 4(b) of the Act of August 9, 1950 (16 U.S.C. 777c(b); commonly referred to as the ''Dingell-Johnson Sport Fish Restoration Act'') is amended to read as follows:

''(b)(1) Of the balance of each annual appropriation remaining after making the distribution under subsection (a), an amount equal to $15,000,000 for fiscal year 1995, $40,000,000 for fiscal year 1996, $55,000,000 for fiscal year 1997, and $69,000,000 for each of fiscal years 1998 and 1999, shall, subject to paragraph (2), be used as follows:

''(A) A sum equal to $7,500,000 of the amount available for fiscal year 1995, and a sum equal to $10,000,000 of the amount available for each of fiscal years 1996 and 1997, shall be available for use by the Secretary of the Interior for grants under section 5604(c) of the Clean Vessel Act of 1992. Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(B) A sum equal to $7,500,000 of the amount available for fiscal year 1995, $30,000,000 of the amount available for fiscal year 1996, $45,000,000 of the amount available for fiscal year 1997, and $59,000,000 of the amount available for each of fiscal years 1998 and 1999, shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for recreational boating safety programs under section 13106 of title 46, United States Code.

''(C) A sum equal to $10,000,000 of the amount available for each of fiscal years 1998 and 1999 shall be available for use by the Secretary of the Interior for—

''(i) grants under section 502(e) of the Coast Guard Authorization Act of 1995; and

''(ii) grants under section 5604(c) of the Clean Vessel Act of 1992.

Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(2)(A) Beginning with fiscal year 1996, the amount transferred under paragraph (1)(B) for a fiscal year shall be reduced by the lesser of—

''(i) the amount appropriated for that fiscal year from the Boat Safety Account in the Aquatic Resources Trust Fund established under section 9504 of the Internal Revenue Code of 1986 to carry out the purposes of section 13106 of title 46, United States Code; or

''(ii) $35,000,000.

''(iii) for fiscal year 1996 only, $30,000,000.

''(B) The amount of any reduction under subparagraph (A) shall be apportioned among the several States under subsection (d) of this section by the Secretary of the Interior.''.

(2) CONFORMING AMENDMENT.—Section 5604(c)(1) of the Clean Vessel Act of 1992 (33 U.S.C. 1322 note) is amended by striking ''section 4(b)(2) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(2), as amended by this Act)'' and inserting ''section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1))''.

(b) EXPENDITURE OF AMOUNTS FOR STATE RECREATIONAL BOATING SAFETY PROGRAMS.—Section 13106 of title 46, United States Code, is amended—

(1) by striking the first sentence of subsection (a)(1) and inserting the following: ''Subject to paragraph (2), the Secretary shall expend under contracts with States under this chapter in each fiscal year for State recreational boating safety programs an amount equal to the sum of the amount appropriated from the Boat Safety Account for that fiscal year plus the amount transferred to the Secretary under section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1)) for that fiscal year.''; and

(2) by amending subsection (c) to read as follows:

''(c) For expenditure under this chapter for State recreational boating safety programs there are authorized to be appropriated to the Secretary of Transportation from the Boat Safety Account established under section 9504 of the Internal Revenue Code of 1986 (26 U.S.C. 9504) not more than $35,000,000 each fiscal year.''.

(c) EXCESS FY 1995 BOAT SAFETY ACCOUNT FUNDS TRANSFER.—Notwithstanding any other provision of law, $20,000,000 of the annual appropriation from the Sport Fish Restoration Account in fiscal year 1996 made in accordance with the provisions of section 3 of the Act of August 9, 1950 (16 U.S.C. 777b) shall be excluded from the calculation of amounts to be distributed under section 4(a) of such Act (16 U.S.C. 777c(a)).

**SEC. 502. BOATING ACCESS.**

(a) FINDINGS.—The Congress makes the following findings:

(1) Nontrailerable recreational motorboats contribute 15 percent of the gasoline taxes deposited in the Aquatic Resources Trust Fund while constituting less than 5 percent of the recreational vessels in the United States.

(2) The majority of recreational vessel access facilities constructed with Aquatic Resources Trust Fund moneys benefit trailerable recreational vessels.

(3) More Aquatic Resources Trust Fund moneys should be spent on recreational vessel access facilities that benefit recreational vessels that are nontrailerable vessels.

(b) PURPOSE.—The purpose of this section is to provide funds to States for the development of public facilities for transient nontrailerable vessels.

(c) SURVEY.—Within 18 months after the date of the enactment of this Act, any State may complete and submit to the Secretary of the Interior a survey which identifies—

(1) the number and location in the State of all public facilities for transient nontrailerable vessels; and

(2) the number and areas of operation in the State of all nontrailerable vessels that operate on navigable waters in the State.

(d) PLAN.—Within 6 months after submitting a survey to the Secretary of the Interior in accordance with subsection (c), an eligible State may develop and submit to the Secretary of the Interior a plan for the construction and renovation of public facilities for transient nontrailerable vessels to meet the needs of nontrailerable vessels operating on navigable waters in the State.

(e) GRANT PROGRAM.—

(1) MATCHING GRANTS.—The Secretary of the Interior shall obligate not less than one-half of the amount made available for each of fiscal years 1998 and 1999 under section 4(b)(1)(C) of the Act of August 9, 1950, as amended by section 501(a)(1) of this Act, to make grants to any eligible State to pay not more than 75 percent of the cost of constructing or renovating public facilities for transient nontrailerable vessels.

(2) PRIORITY.—

(A) IN GENERAL.—In awarding grants under this subsection, the Secretary of the Interior shall give priority to projects that consist of the construction or renovation of public facilities for transient nontrailerable vessels in accordance with a plan submitted by a State submitted under subsection (d).

(B) WITHIN STATE.—In awarding grants under this subsection for projects in a particular State, the Secretary of the Interior shall give priority to projects that are likely to serve the greatest number of nontrailerable vessels.

(f) DEFINITIONS.—For the purpose of this section and section 501 of this Act the term—

(1) ''Act of August 9, 1950'' means the Act entitled ''An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes'', approved August 9, 1950 (16 U.S.C. 777a et seq.);

(2) ''nontrailerable vessel'' means a recreational vessel greater than 26 feet in length;

(3) ''public facilities for transient nontrailerable vessels'' means mooring buoys, day-docks, seasonal slips or similar structures located on navigable waters, that are available to the general public and designed for temporary use by nontrailerable vessels;

(4) ''recreational vessel'' means a vessel—

(A) operated primarily for pleasure; or

(B) leased, rented, or chartered to another for the latter's pleasure; and

(5) ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Marianas.

**SEC. 503. PERSONAL FLOTATION DEVICES REQUIRED FOR CHILDREN.**

(a) PROHIBITION.—Section 4307(a) of title 46, United States Code, is amended—

(1) by striking ''or'' after the semicolon in paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting a semicolon and ''or''; and

(3) by adding at the end the following:

''(4) operate a recreational vessel under 26 feet in length unless each individual 6 years of age or younger wears a Coast Guard approved personal flotation device when the individual is on an open deck of the vessel.''.

(b) STATE AUTHORITY PRESERVED.—Section 4307 of title 46, United States Code, is amended by adding at the end thereof the following:

''(c) Subsection (a)(4) shall not be construed to limit the authority of a State to establish requirements relating to the wearing of personal flotation devices on recreational vessels that are more stringent than the requirements of that subsection.''.

(c) PENALTY.—Section 4311 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(h) Notwithstanding any other provision of this section, in the case of a person violating section 4307(a)(4) of this title—

''(1) the maximum penalty assessable under subsection (a) is a fine of $100 with no imprisonment; and

''(2) the maximum civil penalty assessable under subsection (c) is $100.''.

**SEC. 504. MARINE CASUALTY REPORTING.**

(a) SUBMISSION OF PLAN.—Not later than one year after enactment of this Act, the Secretary of Transportation shall, in consultation with appropriate State agencies, submit to the Committee on Resources of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a plan to increase reporting of vessel accidents to appropriate State law enforcement officials.

(b) PENALTIES FOR VIOLATING REPORTING REQUIREMENTS.—Section 6103(a) of title 46, United States Code, is amended by inserting ''or 6102'' after ''6101'' the second place it appears.

## TITLE VI—COAST GUARD REGULATORY REFORM

**SEC. 601. SHORT TITLE.**

This title may be cited as the ''Coast Guard Regulatory Reform Act of 1995''.

**SEC. 602. SAFETY MANAGEMENT.**

(a) MANAGEMENT OF VESSELS.—Title 46, United States Code, is amended by adding after chapter 31 the following new chapter:

''CHAPTER 32—MANAGEMENT OF VESSELS

''Sec.
''3201. Definitions.
''3202. Application.
''3203. Safety management system.
''3204. Implementation of safety management system.
''3205. Certification.

**''§ 3201. Definitions**

''In this chapter—

''(1) 'International Safety Management Code' has the same meaning given that term in chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974;

''(2) 'responsible person' means—

''(A) the owner of a vessel to which this chapter applies; or

''(B) any other person that has—

''(i) assumed the responsibility for operation of a vessel to which this chapter applies from the owner; and

''(ii) agreed to assume with respect to the vessel responsibility for complying with all the requirements of this chapter and the regulations prescribed under this chapter.

''(3) 'vessel engaged on a foreign voyage' means a vessel to which this chapter applies—

''(A) arriving at a place under the jurisdiction of the United States from a place in a foreign country;

''(B) making a voyage between places outside the United States; or

''(C) departing from a place under the jurisdiction of the United States for a place in a foreign country.

**''§ 3202. Application**

''(a) MANDATORY APPLICATION.—This chapter applies to the following vessels engaged on a foreign voyage:

''(1) Beginning July 1, 1998—

''(A) a vessel transporting more than 12 passengers described in section 2101(21)(A) of this title; and

''(B) a tanker, bulk freight vessel, or high-speed freight vessel, of at least 500 gross tons.

''(2) Beginning July 1, 2002, a freight vessel and a self-propelled mobile offshore drilling unit of at least 500 gross tons.

''(b) VOLUNTARY APPLICATION.—This chapter applies to a vessel not described in subsection (a) of this section if the owner of the vessel requests the Secretary to apply this chapter to the vessel.

''(c) EXCEPTION.—Except as provided in subsection (b) of this section, this chapter does not apply to—

''(1) a barge;

''(2) a recreational vessel not engaged in commercial service;

''(3) a fishing vessel;

''(4) a vessel operating on the Great Lakes or its tributary and connecting waters; or

''(5) a public vessel.

**''§ 3203. Safety management system**

''(a) IN GENERAL.—The Secretary shall prescribe regulations which establish a safety management system for responsible persons and vessels to which this chapter applies, including—

''(1) a safety and environmental protection policy;

''(2) instructions and procedures to ensure safe operation of those vessels and protection of the environment in compliance with international and United States law;

''(3) defined levels of authority and lines of communications between, and among, personnel on shore and on the vessel;

''(4) procedures for reporting accidents and nonconformities with this chapter;

''(5) procedures for preparing for and responding to emergency situations; and

''(6) procedures for internal audits and management reviews of the system.

''(b) COMPLIANCE WITH CODE.—Regulations prescribed under this section shall be consistent with the International Safety Management Code with respect to vessels engaged on a foreign voyage.

**''§ 3204. Implementation of safety management system**

''(a) SAFETY MANAGEMENT PLAN.—Each responsible person shall establish and submit to the Secretary for approval a safety management plan describing how that person and vessels of the person to which this chapter applies will comply with the regulations prescribed under section 3203(a) of this title.

''(b) APPROVAL.—Upon receipt of a safety management plan submitted under subsection (a), the Secretary shall review the plan and approve it if the Secretary determines that it is consistent with and will assist in implementing the safety management system established under section 3203.

''(c) PROHIBITION ON VESSEL OPERATION.—A vessel to which this chapter applies under section 3202(a) may not be operated without having on board a Safety Management Certificate and a copy of a Document of Compliance issued for the vessel under section 3205 of this title.

**''§3205. Certification**

''(a) ISSUANCE OF CERTIFICATE AND DOCUMENT.—After verifying that the responsible person for a vessel to which this chapter applies and the vessel comply with the applicable requirements under this chapter, the Secretary shall issue for the vessel, on request of the responsible person, a Safety Management Certificate and a Document of Compliance.

''(b) MAINTENANCE OF CERTIFICATE AND DOCUMENT.—A Safety Management Certificate and a Document of Compliance issued for a vessel under this section shall be maintained by the responsible person for the vessel as required by the Secretary.

''(c) VERIFICATION OF COMPLIANCE.—The Secretary shall—

''(1) periodically review whether a responsible person having a safety management plan approved under section 3204(b) and each vessel to which the plan applies is complying with the plan; and

''(2) revoke the Secretary's approval of the plan and each Safety Management Certificate and Document of Compliance issued to the person for a vessel to which the plan applies, if the Secretary determines that the person or a vessel to which the plan applies has not complied with the plan.

''(d) ENFORCEMENT.—At the request of the Secretary, the Secretary of the Treasury shall withhold or revoke the clearance required by section 4197 of the Revised Statutes (46 U.S.C. App. 91) of a vessel that is subject to this chapter under section 3202(a) of this title or to the International Safety Management Code, if the vessel does not have on board a Safety Management Certificate and a copy of a Document of Compliance for the vessel. Clearance may be granted on filing a bond or other surety satisfactory to the Secretary.''.

(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle II of title 46, United States Code, is amended by inserting after the item relating to chapter 31 the following:

''32. Management of vessels ..... 3201''.

(c) STUDY.—

(1) IN GENERAL.—The Secretary of the department in which the Coast Guard is operating shall conduct, in cooperation with the owners, charterers, and managing operators of vessels documented under chapter 121 of title 46, United States Code, and other interested persons, a study of the methods that may be used to implement and enforce the International Management Code for the Safe Operation of Ships and for Pollution Prevention under chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974.

(2) REPORT.—The Secretary shall submit to the Congress a report of the results of the study required under paragraph (1) before the earlier of—

(A) the date that final regulations are prescribed under section 3203 of title 46, United States Code (as enacted by subsection (a); or

(B) the date that is 1 year after the date of enactment of this Act.

**SEC. 603. USE OF REPORTS, DOCUMENTS, RECORDS, AND EXAMINATIONS OF OTHER PERSONS.**

(a) REPORTS, DOCUMENTS, AND RECORDS.—Chapter 31 of title 46, United States Code, is amended by adding the following new section:

**''§ 3103. Use of reports, documents, and records**

''The Secretary may rely, as evidence of compliance with this subtitle, on—

''(1) reports, documents, and records of other persons who have been determined by the Secretary to be reliable; and

''(2) other methods the Secretary has determined to be reliable.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 31 of title 46, United States Code, is amended by adding at the end the following:

''3103. Use of reports, documents, and records.''.

(c) EXAMINATIONS.—Section 3308 of title 46, United States Code, is amended by inserting ''or have examined'' after ''examine''.

**SEC. 604. EQUIPMENT APPROVAL.**

(a) IN GENERAL.—Section 3306(b) of title 46, United States Code, is amended to read as follows:

''(b)(1) Equipment and material subject to regulation under this section may not be used on any vessel without prior approval of the Secretary.

''(2) Except with respect to use on a public vessel, the Secretary may treat an approval of equipment or materials by a foreign government as approval by the Secretary for

purposes of paragraph (1) if the Secretary determines that—

''(A) the design standards and testing procedures used by that government meet the requirements of the International Convention for the Safety of Life at Sea, 1974;

''(B) the approval of the equipment or material by the foreign government will secure the safety of individuals and property on board vessels subject to inspection; and

''(C) for lifesaving equipment, the foreign government—

''(i) has given equivalent treatment to approvals of lifesaving equipment by the Secretary; and

''(ii) otherwise ensures that lifesaving equipment approved by the Secretary may be used on vessels that are documented and subject to inspection under the laws of that country.''.

(b) FOREIGN APPROVALS.—The Secretary of Transportation, in consultation with other interested Federal agencies, shall work with foreign governments to have those governments approve the use of the same equipment and materials on vessels documented under the laws of those countries that the Secretary requires on United States documented vessels.

(c) TECHNICAL AMENDMENT.—Section 3306(a)(4) of title 46, United States Code, is amended by striking ''clauses (1)–(3)'' and inserting ''paragraphs (1), (2), and (3)''.

**SEC. 605. FREQUENCY OF INSPECTION.**

(a) FREQUENCY OF INSPECTION, GENERALLY.—Section 3307 of title 46, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking ''nautical school vessel'' and inserting '', nautical school vessel, and small passenger vessel allowed to carry more than 12 passengers on a foreign voyage''; and

(B) by adding ''and'' after the semicolon at the end;

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(3) in paragraph (2) (as so redesignated), by striking ''2 years'' and inserting ''5 years''.

(b) CONFORMING AMENDMENT.—Section 3710(b) of title 46, United States Code, is amended by striking ''24 months'' and inserting ''5 years''.

**SEC. 606. CERTIFICATE OF INSPECTION.**

Section 3309(c) of title 46, United States Code, is amended by striking ''(but not more than 60 days)''.

**SEC. 607. DELEGATION OF AUTHORITY OF SECRETARY TO CLASSIFICATION SOCIETIES.**

(a) AUTHORITY TO DELEGATE.—Section 3316 of title 46, United States Code, is amended—

(1) by striking subsections (a) and (d);

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively;

(3) by striking ''Bureau'' in subsection (a), as redesignated, and inserting ''American Bureau of Shipping''; and

(4) in subsection (b), as so redesignated, by—

(A) redesignating paragraph (2) as paragraph (3); and

(B) striking so much of the subsection as precedes paragraph (3), as so redesignated, and inserting the following:

''(b)(1) The Secretary may delegate to the American Bureau of Shipping or another classification society recognized by the Secretary as meeting acceptable standards for such a society, for a vessel documented or to be documented under chapter 121 of this title, the authority to—

''(A) review and approve plans required for issuing a certificate of inspection required by this part;

''(B) conduct inspections and examinations; and

''(C) issue a certificate of inspection required by this part and other related documents.

''(2) The Secretary may make a delegation under paragraph (1) to a foreign classification society only—

''(A) to the extent that the government of the foreign country in which the society is headquartered delegates authority and provides access to the American Bureau of Shipping to inspect, certify, and provide related services to vessels documented in that country; and

''(B) if the foreign classification society has offices and maintains records in the United States.''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 3316 of title 46, United States Code, is amended to read as follows:

**''§ 3316. Classification societies''.**

(2) The table of sections for chapter 33 of title 46, United States Code, is amended by striking the item relating to section 3316 and inserting the following:

''3316. Classification societies.''.

## TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS

**SEC. 701. AMENDMENT OF INLAND NAVIGATION RULES.**

Section 2 of the Inland Navigational Rules Act of 1980 is amended—

(1) by amending Rule 9(e)(i) (33 U.S.C. 2009(e)(i)) to read as follows:

''(i) In a narrow channel or fairway when overtaking, the power-driven vessel intending to overtake another power-driven vessel shall indicate her intention by sounding the appropriate signal prescribed in Rule 34(c) and take steps to permit safe passing. The power-driven vessel being overtaken, if in agreement, shall sound the same signal and may, if specifically agreed to take steps to permit safe passing. If in doubt she shall sound the danger signal prescribed in Rule 34(d).'';

(2) in Rule 15(b) (33 U.S.C. 2015(b)) by inserting ''power-driven'' after ''Secretary, a'';

(3) in Rule 23(a)(i) (33 U.S.C. 2023(a)(i)) after ''masthead light forward''; by striking ''except that a vessel of less than 20 meters in length need not exhibit this light forward of amidships but shall exhibit it as far forward as is practicable;'';

(4) by amending Rule 24(f) (33 U.S.C. 2024(f)) to read as follows:

''(f) Provided that any number of vessels being towed alongside or pushed in a group shall be lighted as one vessel, except as provided in paragraph (iii)—

''(i) a vessel being pushed ahead, not being part of a composite unit, shall exhibit at the forward end, sidelights and a special flashing light;

''(ii) a vessel being towed alongside shall exhibit a sternlight and at the forward end, sidelights and a special flashing light; and

''(iii) when vessels are towed alongside on both sides of the towing vessels a stern light shall be exhibited on the stern of the outboard vessel on each side of the towing vessel, and a single set of sidelights as far forward and as far outboard as is practicable, and a single special flashing light.'';

(5) in Rule 26 (33 U.S.C. 2026)—

(A) in each of subsections (b)(i) and (c)(i) by striking ''a vessel of less than 20 meters in length may instead of this shape exhibit a basket;''; and

(B) by amending subsection (d) to read as follows:

''(d) The additional signals described in Annex II to these Rules apply to a vessel engaged in fishing in close proximity to other vessels engaged in fishing.''; and

(6) by amending Rule 34(h) (33 U.S.C. 2034) to read as follows:

''(h) A vessel that reaches agreement with another vessel in a head-on, crossing, or overtaking situation, as for example, by using the radiotelephone as prescribed by the Vessel Bridge-to-Bridge Radiotelephone Act (85 Stat. 164; 33 U.S.C. 1201 et seq.), is not obliged to sound the whistle signals prescribed by this rule, but may do so. If agreement is not reached, then whistle signals shall be exchanged in a timely manner and shall prevail.''.

**SEC. 702. MEASUREMENT OF VESSELS.**

Section 14104 of title 46, United States Code, is amended by redesignating the existing text after the section heading as subsection (a) and by adding at the end the following new subsection:

''(b) If a statute allows for an alternate tonnage to be prescribed under this section, the Secretary may prescribe it by regulation. Any such regulation shall be considered to be an interpretive regulation for purposes of section 553 of title 5. Until an alternate tonnage is prescribed, the statutorily established tonnage shall apply to vessels measured under chapter 143 or chapter 145 of this title.''.

**SEC. 703. LONGSHORE AND HARBOR WORKERS COMPENSATION.**

Section 3(d)(3)(B) of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 903(d)(3)(B)) is amended by inserting after ''1,600 tons gross'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 704. RADIOTELEPHONE REQUIREMENTS.**

Section 4(a)(2) of the Vessel Bridge-to-Bridge Radiotelephone Act (33 U.S.C. 1203(a)(2)) is amended by inserting after ''one hundred gross tons'' the following ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

**SEC. 705. VESSEL OPERATING REQUIREMENTS.**

Section 4(a)(3) of the Ports and Waterways Safety Act (33 U.S.C. 1223(a)(3)) is amended by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 706. MERCHANT MARINE ACT, 1920.**

Section 27A of the Merchant Marine Act, 1920 (46 U.S.C. App. 883–1), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

**SEC. 707. MERCHANT MARINE ACT, 1956.**

Section 2 of the Act of June 14, 1956 (46 U.S.C. App. 883a), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 708. MARITIME EDUCATION AND TRAINING.**

Section 1302(4)(A) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295a(4)(a)) is amended by inserting after ''1,000 gross tons or more'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

**SEC. 709. GENERAL DEFINITIONS.**

Section 2101 of title 46, United States Code, is amended—

(1) in paragraph (13), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in paragraph (13a), by inserting after ''3,500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in paragraph (19), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in paragraph (22), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(5) in paragraph (30)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(6) in paragraph (32), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(7) in paragraph (33), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(8) in paragraph (35), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(9) in paragraph (42), by inserting after ''100 gross tons'' each place it appears, the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 710. AUTHORITY TO EXEMPT CERTAIN VESSELS.**

Section 2113 of title 46, United States Code, is amended—

(1) in paragraph (4), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(2) in paragraph (5), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 711. INSPECTION OF VESSELS.**

Section 3302 of title 46, United States Code, is amended—

(1) in subsection (c)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in subsection (c)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in subsection (c)(3), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in subsection (c)(4)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(5) in subsection (d)(1), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(6) in subsection (i)(1)(A), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(7) in subsection (j), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 712. REGULATIONS.**

Section 3306 of title 46, United States Code, is amended—

(1) in subsection (h), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(2) in subsection (i), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 713. PENALTIES—INSPECTION OF VESSELS.**

Section 3318 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(2) in subsection (j)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 714. APPLICATION—TANK VESSELS.**

Section 3702 of title 46, United States Code, is amended—

(1) in subsection (b)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in subsection (c), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(3) in subsection (d), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 715. TANK VESSEL CONSTRUCTION STANDARDS.**

Section 3703a of title 46, United States Code, is amended—

(1) in subsection (b)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in subsection (c)(2), by inserting after ''5,000 gross tons'' each place it appears the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in subsection (c)(3)(A), by inserting after ''15,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in subsection (c)(3)(B), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(5) in subsection (c)(3)(C), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 716. TANKER MINIMUM STANDARDS.**

Section 3707 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(2) in subsection (b), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 717. SELF-PROPELLED TANK VESSEL MINIMUM STANDARDS.**

Section 3708 of title 46, United States Code, is amended by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 718. DEFINITION—ABANDONMENT OF BARGES.**

Section 4701(1) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 719. APPLICATION—LOAD LINES.**

Section 5102(b) of title 46, United States Code, is amended—

(1) in paragraph (4), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in paragraph (5), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(3) in paragraph (10), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 720. LICENSING OF INDIVIDUALS.**

Section 7101(e)(3) of title 46, United States Code, is amended by inserting after ''1,600

gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 721. ABLE SEAMEN—LIMITED.**

Section 7308 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 722. ABLE SEAMEN—OFFSHORE SUPPLY VESSELS.**

Section 7310 of title 46, United States Code, is amended by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 723. SCALE OF EMPLOYMENT—ABLE SEAMEN.**

Section 7312 of title 46, United States Code, is amended—

(1) in subsection (b), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in subsection (c)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in subsection (d), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in subsection (f)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(5) in subsection (f)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 724. GENERAL REQUIREMENTS—ENGINE DEPARTMENT.**

Section 7313(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 725. COMPLEMENT OF INSPECTED VESSELS.**

Section 8101(h) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 726. WATCHMEN.**

Section 8102(b) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 727. CITIZENSHIP AND NAVAL RESERVE REQUIREMENTS.**

Section 8103(b)(3)(A) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 728. WATCHES.**

Section 8104 of title 46, United States Code, is amended—

(1) in subsection (b), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in subsection (d), by inserting after ''100 gross tons'' and after ''5,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in subsection (l)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in subsection (m)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(5) in subsection (o)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(6) in subsection (o)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 729. MINIMUM NUMBER OF LICENSED INDIVIDUALS.**

Section 8301 of title 46, United States Code, is amended—

(1) in subsection (a)(2), by inserting after ''1,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(2) in subsection (a)(3), by inserting after ''at least 200 gross tons but less than 1,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(3) in subsection (a)(4), by inserting after ''at least 100 gross tons but less than 200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(4) in subsection (a)(5), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'';

(5) in subsection (b), by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(6) by inserting ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title'' after ''200 gross tons'' in subsection (e)(3).

**SEC. 730. OFFICERS' COMPETENCY CERTIFICATES CONVENTION.**

Section 8304(b)(4) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 731. MERCHANT MARINERS' DOCUMENTS REQUIRED.**

Section 8701 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 732. CERTAIN CREW REQUIREMENTS.**

Section 8702 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''; and

(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 733. FREIGHT VESSELS.**

Section 8901 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 734. EXEMPTIONS.**

Section 8905(b) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 735. UNITED STATES REGISTERED PILOT SERVICE.**

Section 9303(a)(2) of title 46, United States Code, is amended by inserting after ''4,000 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 736. DEFINITIONS—MERCHANT SEAMEN PROTECTION.**

Section 10101(4)(B) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 737. APPLICATION—FOREIGN AND INTERCOASTAL VOYAGES.**

Section 10301(a)(2) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 738. APPLICATION—COASTWISE VOYAGES.**

Section 10501(a) of title 46, United States Code, is amended by inserting after ''50 gross

tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 739. FISHING AGREEMENTS.**

Section 10601(a)(1) of title 46, United States Code, is amended by inserting after ''20 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 740. ACCOMMODATIONS FOR SEAMEN.**

Section 11101(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 741. MEDICINE CHESTS.**

Section 11102(a) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 742. LOGBOOK AND ENTRY REQUIREMENTS.**

Section 11301(a)(2) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 743. COASTWISE ENDORSEMENTS.**

Section 12106(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 744. FISHERY ENDORSEMENTS.**

Section 12108(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title''.

**SEC. 745. CONVENTION TONNAGE FOR LICENSES, CERTIFICATES, AND DOCUMENTS.**

(a) AUTHORITY TO USE CONVENTION TONNAGE.—Chapter 75 of title 46, United States Code, is amended by adding at the end the following:

**''§ 7506. Convention tonnage for licenses, certificates, and documents**

''Notwithstanding any provision of section 14302(c) or 14305 of this title, the Secretary may—

''(1) evaluate the service of an individual who is applying for a license, a certificate of registry, or a merchant mariner's document by using the tonnage as measured under chapter 143 of this title for the vessels on which that service was acquired, and

''(2) issue the license, certificate, or document based on that service.''.

(b) CLERICAL AMENDMENT.—The analysis to chapter 75 of title 46, United States Code, is amended by adding a new item as follows:

''7506. Convention tonnage for licenses, certificates, and documents.''.

**SEC. 746. TECHNICAL CORRECTIONS.**

(a) Title 46, United States Code, is amended—

(1) by striking the first section 12123 in chapter 121;

(2) by striking the first item relating to section 12123 in the table of sections for such chapter 121;

(3) by striking ''proceeding'' in section 13108(a)(1) and inserting ''preceding''; and

(4) by striking ''Secertary'' in section 13108(a)(1) and inserting ''Secretary''.

(b) Section 645 of title 14, United States Code, is amended by redesignating the second subsection (d) and subsections (e) through (h) as subsection (e) and subsections (f) through (i), respectively.

## TITLE VIII—POLLUTION FROM SHIPS

**SEC. 801. PREVENTION OF POLLUTION FROM SHIPS.**

(a) IN GENERAL.—Section 6 of the Act to Prevent Pollution From Ships (33 U.S.C. 1905) is amended—

(1) by striking ''(2) If'' in subsection (c)(2) and inserting ''(2)(A) Subject to subparagraph (B), if''; and

(2) by adding at the end of subsection (c)(2) the following:

''(B) The Secretary may not issue a certificate attesting to the adequacy of reception facilities under this paragraph unless, prior to the issuance of the certificate, the Secretary conducts an inspection of the reception facilities of the port or terminal that is the subject of the certificate.

''(C) The Secretary may, with respect to certificates issued under this paragraph prior to the date of enactment of the Coast Guard Authorization Act of 1995, prescribe by regulation differing periods of validity for such certificates.'';

(3) by striking subsection (c)(3)(A) and inserting the following:

''(A) is valid for the 5-year period beginning on the date of issuance of the certificate, except that if—

''(i) the charge for operation of the port or terminal is transferred to a person or entity other than the person or entity that is the operator on the date of issuance of the certificate—

''(I) the certificate shall expire on the date that is 30 days after the date of the transfer; and

''(II) the new operator shall be required to submit an application for a certificate before a certificate may be issued for the port or terminal; or

''(ii) the certificate is suspended or revoked by the Secretary, the certificate shall cease to be valid; and''; and

(4) by striking subsection (d) and inserting the following:

''(d)(1) The Secretary shall maintain a list of ports or terminals with respect to which a certificate issued under this section—

''(A) is in effect; or

''(B) has been revoked or suspended.

''(2) The Secretary shall make the list referred to in paragraph (1) available to the general public.''.

(b) RECEPTION FACILITY PLACARDS.—Section 6(f) of the Act to Prevent Pollution From Ships (33 U.S.C. 1905(f)) is amended—

(1) by inserting ''(1)'' before ''The Secretary''; and

(2) by adding at the end the following new paragraph:

''(2)(A) Not later than 18 months after the date of enactment of the Coast Guard Authorization Act of 1995, the Secretary shall promulgate regulations that require the operator of each port or terminal that is subject to any requirement of the MARPOL Protocol relating to reception facilities to post a placard in a location that can easily be seen by port and terminal users. The placard shall state, at a minimum, that a user of a reception facility of the port or terminal should report to the Secretary any inadequacy of the reception facility.''.

**SEC. 802. MARINE PLASTIC POLLUTION RESEARCH AND CONTROL.**

(a) COMPLIANCE REPORTS.—Section 2201(a) of the Marine Plastic Pollution Research and Control Act of 1987 (33 U.S.C. 1902 note) is amended—

(1) by striking ''for a period of 6 years''; and

(2) by inserting before the period at the end the following: ''and, not later than 1 year after the date of enactment of the Coast Guard Authorization Act of 1995, and annually thereafter, shall publish in the Federal Register a list of the enforcement actions taken against any domestic or foreign ship (including any commercial or recreational ship) pursuant to the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.)''.

(b) COORDINATION.—Section 2203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2803) is amended to read as follows:

**''SEC. 2203. COORDINATION.**

''(a) ESTABLISHMENT OF MARINE DEBRIS COORDINATING COMMITTEE.—The Secretary of Commerce shall establish a Marine Debris Coordinating Committee.

''(b) MEMBERSHIP.—The Committee shall include a senior official from—

''(1) the National Oceanic and Atmospheric Administration, who shall serve as the Chairperson of the Committee;

''(2) the Environmental Protection Agency;

''(3) the United States Coast Guard;

''(4) the United States Navy; and

''(5) such other Federal agencies that have an interest in ocean issues or water pollution prevention and control as the Secretary of Commerce determines appropriate.

''(c) MEETINGS.—The Committee shall meet at least twice a year to provide a forum to ensure the coordination of national and international research, monitoring, education, and regulatory actions addressing the persistent marine debris problem.

''(d) MONITORING.—The Secretary of Commerce, acting through the Administrator of the National Oceanic and Atmospheric Administration, in cooperation with the Administrator of the Environmental Protection Agency, shall utilize the marine debris data derived under title V of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2801 et seq.) to assist—

''(1) the Committee in ensuring coordination of research, monitoring, education and regulatory actions; and

''(2) the United States Coast Guard in assessing the effectiveness of this Act and the Act to Prevent Pollution from Ships in ensuring compliance under section 2201.''.

(c) PUBLIC OUTREACH PROGRAM.—Section 2204(a) of the Marine Plastic Pollution Research and Control Act (42 U.S.C. 6981 note) is amended—

(1) by striking ''for a period of at least 3 years,'' in the matter preceding paragraph (1)(A)—

(2) by striking ''and'' at the end of paragraph (1)(C);

(3) by striking the period at the end of subparagraph (1)(D) and inserting ''; and'';

(4) by adding at the end of paragraph (1) the following:

''(E) the requirements under this Act and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.) with respect to ships and ports, and the authority of citizens to report violations of this Act and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.).''; and

(5) by striking paragraph (2) and inserting the following:

''(2) AUTHORIZED ACTIVITIES.—

''(A) PUBLIC OUTREACH PROGRAM.—A public outreach program under paragraph (1) may include—

''(i) developing and implementing a voluntary boaters' pledge program;

''(ii) workshops with interested groups;

''(iii) public service announcements;

''(iv) distribution of leaflets and posters; and

''(v) any other means appropriate to educating the public.

''(B) GRANTS AND COOPERATIVE AGREEMENTS.—To carry out this section, the Secretary of the department in which the Coast Guard is operating, the Secretary of Commerce, and the Administrator of the Environmental Protection Agency are authorized to award grants, enter into cooperative agreements with appropriate officials of other Federal agencies and agencies of States and political subdivisions of States and with public and private entities, and provide other financial assistance to eligible recipients.

''(C) CONSULTATION.—In developing outreach initiatives for groups that are subject to the requirements of this title and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.), the Secretary of the department in which the Coast Guard is operating, in consultation with the Secretary of Commerce, acting through the Administrator of the National Oceanic and Atmospheric Administration, and the Administrator of the Environmental Protection Agency, shall consult with—

''(i) the heads of State agencies responsible for implementing State boating laws; and

''(ii) the heads of other enforcement agencies that regulate boaters or commercial fishermen.''.

## TITLE IX—LAW ENFORCEMENT ENHANCEMENT

### SEC. 901. SANCTIONS FOR FAILURE TO LAND OR TO BRING TO; SANCTIONS FOR OBSTRUCTION OF BOARDING AND PROVIDING FALSE INFORMATION.

(a) IN GENERAL.—Chapter 109 of title 18, United States Code, is amended by adding at the end new section 2237 to read as follows:

**''§ 2237. Sanctions for failure to land or to bring to; sanctions for obstruction of boarding and providing false information**

''(a)(1) It shall be unlawful for the pilot, operator, or person in charge of an aircraft which has crossed the border of the United States, or an aircraft subject to the jurisdiction of the United States operating outside the United States, to knowingly fail to obey an order to land by an authorized Federal law enforcement officer who is enforcing the laws of the United States relating to controlled substances, as that term is defined in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)), or relating to money laundering (sections 1956–57 of this title).

''(2) The Administrator of the Federal Aviation Administration, in consultation with the Commissioner of Customs and the Attorney General, shall prescribe regulations governing the means by, and circumstances under which a Federal law enforcement officer may communicate an order to land to a pilot, operator, or person in charge of an aircraft. Such regulations shall ensure that any such order is clearly communicated in accordance with applicable international standards. Further, such regulations shall establish guidelines based on observed conduct, prior information, or other circumstances for determining when an officer may use the authority granted under paragraph (1).

''(b)(1) It shall be unlawful for the master, operator, or person in charge of a vessel of the United States or a vessel subject to the jurisdiction of the United States, to knowingly fail to obey an order to bring to that vessel on being ordered to do so by an authorized Federal law enforcement officer.

''(2) It shall be unlawful for any person on board a vessel of the United States or a vessel subject to the jurisdiction of the United States to—

''(A) forcibly assault, resist, oppose, prevent, impede, intimidate, or interfere with a boarding or other law enforcement action authorized by any Federal law, or to resist a lawful arrest; or

''(B) provide information to a Federal law enforcement officer during a boarding of a vessel regarding the vessel's destination, origin, ownership, registration, nationality, cargo, or crew, which that person knows is false.

''(c) This section does not limit in any way the preexisting authority of a customs officer under section 581 of the Tariff Act of 1930 or any other provision of law enforced or administered by the Customs Service, or the preexisting authority of any Federal law enforcement officer under any law of the United States to order an aircraft to land or a vessel to bring to.

''(d) A foreign nation may consent or waive objection to the enforcement of United States law by the United States under this section by radio, telephone, or similar oral or electronic means. Consent or waiver may be proven by certification of the Secretary of State or the Secretary's designee.

''(e) For purposes of this section—

''(1) A 'vessel of the United States' and a 'vessel subject to the jurisdiction of the United States' have the meaning set forth for these terms in the Maritime Drug Law Enforcement Act (46 App. U.S.C. 1903);

''(2) an aircraft 'subject to the jurisdiction of the United States' includes—

''(A) an aircraft located over the United States or the customs waters of the United States;

''(B) an aircraft located in the airspace of a foreign nation, where that nation consents to the enforcement of United States law by the United States; and

''(C) over the high seas, an aircraft without nationality, an aircraft of United States registry, or an aircraft registered in a foreign nation that has consented or waived objection to the enforcement of United States law by the United States;

''(3) an aircraft 'without nationality' includes—

''(A) an aircraft aboard which the pilot, operator, or person in charge makes a claim of registry, which claim is denied by the nation whose registry is claimed; and

''(B) an aircraft aboard which the pilot, operator, or person in charge fails, upon request of an officer of the United States empowered to enforce applicable provisions of United States law, to make a claim of registry for that aircraft.

''(4) the term 'bring to' means to cause a vessel to slow or come to a stop to facilitate a law enforcement boarding by adjusting the course and speed of the vessel to account for the weather conditions and sea state; and

''(5) the term 'Federal law enforcement officer' has the meaning set forth in section 115 of this title.

''(f) Any person who intentionally violates the provisions of this section shall be subject to—

''(1) imprisonment for not more than 1 year; and

''(2) a fine as provided in this title.

''(g) An aircraft that is used in violation of this section may be seized and forfeited. A vessel that is used in violation of subsection (b)(1) or subsection (b)(2)(A) may be seized and forfeited. The laws relating to the seizure, summary and judicial forfeiture, and condemnation of property for violation of the customs laws, the disposition of such property or the proceeds from the sale thereof, the remission or mitigation of such forfeitures, and the compromise of claims, shall apply to seizures and forfeitures undertaken, or alleged to have been undertaken, under any of the provisions of this section; except that such duties as are imposed upon the customs officer or any other person with respect to the seizure and forfeiture of property under the customs laws shall be performed with respect to seizures and forfeitures of property under this section by such officers, agents, or other persons as may be authorized or designated for that purpose. A vessel or aircraft that is used in violation of this section is also liable in rem for any fine or civil penalty imposed under this section.''.

(b) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 109, title 18, United States Code, is amended by inserting the following new item after the item for section 2236:

''2237. Sanctions for failure to land or to bring to; sanctions for obstruction of boarding or providing false information.''.

### SEC. 902. FAA SUMMARY REVOCATION AUTHORITY.

(a) Title 49, United States Code, is amended by adding after section 44106 the following new section:

**''§ 44106a. Summary revocation of aircraft certificate**

''(a) The registration of an aircraft shall be immediately revoked upon the knowing failure of the pilot, operator, or person in charge of the aircraft to follow the order of a Federal law enforcement officer to land an aircraft, as provided in section 2237 of title 18, United States Code. The Administrator shall as soon as possible notify the owner of the aircraft that the owner no longer holds United States registration for that aircraft.

''(b) The Administrator shall establish procedures for the owner of the aircraft to show cause—

''(1) why the registration was not revoked, as a matter of law, by operation of subsection (a); or

''(2) why circumstances existed pursuant to which the Administrator should determine that, notwithstanding subsection (a), it would be in the public interest to issue a new certificate of registration to the owner to be effective concurrent with the revocation occasioned by operation of subsection (a).''.

(b) The table of sections at the beginning of chapter 441 of title 49, United States Code, is amended by inserting after the item relating to section 44106 the following:

''44106a. Summary revocation of aircraft certificate.''.

(c) Title 49, United States Code, is amended by adding after section 44710 the following new section:

**''§ 44710a. Failure to follow order to land aircraft**

''(a) The Administrator shall issue an order revoking the airman certificate of any person if the Administrator finds that—

''(1) such person, while acting as the pilot, operator, or person in charge of an aircraft knowingly failed to follow the order of a Federal law enforcement officer to land the aircraft as provided in section 2237 of title 18, United States Code, and

''(2) such person knew that he had been ordered to land the aircraft.

''(b) If the Administrator determines that extenuating circumstances existed, such as safety of flight, which justified a deviation by the airman from the order to land, the provisions of subsection (a) of this section shall not apply.

''(c) The provisions of subsections (c) and (d) of section 44710 shall apply to any revocation of the airman certificate of any person for failing to follow the order of a Federal law enforcement officer to land an aircraft.''.

(d) The table of sections at the beginning of chapter 447 of title 49, United States Code, is amended by inserting after the item relating to section 44710 the following:

''44710a. Failure to follow order to land aircraft.''.

**SEC. 903. COAST GUARD AIR INTERDICTION AUTHORITY.**

(a) IN GENERAL.—Chapter 5 of title 14, United States Code, is amended by adding at the end the following new section:

**''§ 96. Air interdiction authority**

''The Coast Guard may issue orders and make inquiries, searches, seizures, and arrests with respect to violations of laws of the United States occurring aboard any aircraft subject to the jurisdiction of the United States in accordance with section 2237 of title 18, United States Code. Any order issued under this section to land an aircraft shall be communicated pursuant to regulations promulgated pursuant to section 2237 of title 18, United States Code.''.

(b) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 5 of title 14, United States Code, is amended by adding at the end the following new item:

''96. Air interdiction authority.''.

**SEC. 904. COAST GUARD CIVIL PENALTY PROVISIONS.**

(a) IN GENERAL.—Chapter 17 of title 14, United States Code, is amended by adding at the end the following new section:

**''§ 673. Civil penalty for failure to comply with a lawful boarding, order to land, obstruction of boarding, or providing false information**

''(a) The master, operator, or person in charge of a vessel, or the pilot, operator, or person in charge of an aircraft who knowingly fails to comply with an order of a Coast Guard commissioned officer, warrant officer, or petty officer under the authority of section 2237 of title 18, United States Code, or section 96 of this title, and communicated according to regulations promulgated under section 2237 of title 18, United States Code, or, in the case of a vessel, according to any applicable, internationally recognized standards, or other manner reasonably calculated to be received and understood, shall be liable for a civil penalty of not more than $15,000.

''(b) A vessel or aircraft used to knowingly violate an order relating to the boarding of a vessel or landing of an aircraft issued under the authority of section 2237 of title 18, United States Code, or Section 96 of this Title, is also liable in rem and may be seized, forfeited, and sold in accordance with Customs law, specifically section 1594 of Title 19, United States Code.''.

(b) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 17 of title 14, United States Code, is amended by adding at the end the following new item:

''673. Civil penalty for failure to comply with a lawful boarding, order to land, obstruction of boarding, or providing false information.''.

**SEC. 905. CUSTOMS ORDERS.**

Section 581 of the Tariff Act of 1930 (19 U.S.C. 1581) is amended by adding at the end the following new subsection:

''(i) As used in this section, the term 'authorized place' includes —

''(1) with respect to a vehicle, a location in a foreign country at which United States customs officers are permitted to conduct inspections, examinations, or searches; and

''(2) with respect to aircraft to which this section applies by virtue of section 644 of this Act (19 U.S.C. 1644), or regulations issued thereunder, or section 2237 of title 18, United States Code, any location outside of the United States, including a foreign country at which United States customs officers are permitted to conduct inspections, examinations, or searches.''.

**SEC. 906. CUSTOMS CIVIL PENALTY PROVISIONS.**

Part V of title IV of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) is amended by adding a new section 591 (19 U.S.C. 1591) as follows:

**''SEC. 591. CIVIL PENALTY FOR FAILURE TO OBEY AN ORDER TO LAND.**

''(a) The pilot, operator, or person in charge of an aircraft who knowingly fails to comply with an order of an authorized Federal law enforcement officer relating to the landing of an aircraft issued under the authority of section 581 of this Act, or section 2237 of title 18, United States Code, and communicated according to regulations promulgated under section 2237 of title 18, United States Code, shall be liable for a civil penalty of not more than $15,000.

''(b) An aircraft used to knowingly violate an order relating to the landing of an aircraft issued under the authority of section 581 of this Act, or section 2237 of title 18, United States Code, is also liable in rem and may be seized, forfeited, and sold in accordance with Customs law, specifically section 1594 of Title 19, United States Code.''.

## TITLE X—CONVEYANCES

**SEC. 1001. CONVEYANCE OF PROPERTY IN MASSACHUSETTS.**

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—The Secretary shall convey, by an appropriate means of conveyance, all right, title, and interest of the United States in and to the properties described in paragraph (3) to the persons to whom each such property is to be conveyed under that paragraph.

(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine each property to be conveyed pursuant to this subsection.

(3) PROPERTIES CONVEYED.—

(A) CAPE ANN LIGHTHOUSE.—The Secretary shall convey to the town of Rockport, Massachusetts, by an appropriate means of conveyance, all right, title, and interest of the United States in and to the property comprising the Cape Ann Lighthouse, located on Thacher Island, Massachusetts.

(B) COAST GUARD PROPERTY IN GOSNOLD, MASSACHUSETTS.—The Secretary may convey to the town of Gosnold, Massachusetts, without reimbursement and by no later than 120 days after the date of enactment of this Act, all right, title, and interest of the United States in and to the property known as the ''United States Coast Guard Cuttyhunk Boathouse and Wharf'' located in the town of Gosnold, Massachusetts.

(b) TERMS OF CONVEYANCE.—

(1) IN GENERAL.—The conveyance of property pursuant to this section shall be made—

(A) without payment of consideration; and

(B) subject to the conditions required by paragraphs (3), (4), and (5) and other terms and conditions the Secretary may consider appropriate.

(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), the conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in the property conveyed shall immediately revert to the United States if the property, or any part of the property

(A) ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation; or

(B) ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.).

(3) MAINTENANCE OF NAVIGATION FUNCTIONS.—The conveyance of property pursuant to this section shall be made subject to the conditions that the Secretary considers to be necessary to assure that—

(A) the lights, antennas, and associated equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States;

(B) the person to which the property is conveyed may not interfere or allow interference in any manner with aids to navigation without express written permission from the Secretary;

(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to the property conveyed as may be necessary for navigational purposes;

(D) the United States shall have the right, at any time, to enter the property without notice for the purpose of maintaining aids to navigation; and

(E) the United States shall have an easement of access to the property for the purpose of maintaining the aids to navigation in use on the property.

(4) OBLIGATION LIMITATION.—The person to which the property is conveyed is not required to maintain any active aid to navigation equipment on property conveyed pursuant to this section.

(5) MAINTENANCE OF PROPERTY.—The person to which the property is conveyed shall maintain the property in accordance with the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.), and other applicable laws.

(c) DEFINITIONS.—For purposes of this section—

(1) the term ''Cape Ann Lighthouse'' means the Coast Guard property located on Thacher Island, Massachusetts, except any historical artifact, including any lens or lantern, located on the property at or before the time of the conveyance;

(2) the term ''United States Coast Guard Cuttyhunk Boathouse and Wharf'' means real property located in the town of Gosnold, Massachusetts (including all buildings, structures, equipment, and other improvements), as determined by the Secretary of Transportation; and

(3) the term ''Secretary'' means the Secretary of Transportation.

**SEC. 1002. CONVEYANCE OF CERTAIN LIGHTHOUSES LOCATED IN MAINE.**

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—The Secretary of Transportation (in this section referred to as the ''Secretary'') may convey to the Island Institute, Rockland, Maine, (in this section referred to as the ''Institute''), by an appropriate means of conveyance, all right, title, and interest of the United States in and to any of the facilities and real property and improvements described in paragraph (2).

(2) IDENTIFICATION OF PROPERTIES.—Paragraph (1) applies to lighthouses, together with any real property and other improvements associated therewith, located in the State of Maine as follows:

(A) Whitehead Island Light.

(B) Deer Island Thorofare (Mark Island) Light.

(C) Burnt Island Light.

(D) Rockland Harbor Breakwater Light.

(E) Monhegan Island Light.

(F) Eagle Island Light.

(G) Curtis Island Light.

(H) Moose Peak Light.

(I) Great Duck Island Light.

(J) Goose Rocks Light.

(K) Isle au Haut Light.

(L) Goat Island Light.

(M) Wood Island Light.

(N) Doubling Point Light.

(O) Doubling Point Front Range Light.

(P) Doubling Point Rear Range Light.

(Q) Little River Light.

(R) Spring Point Ledge Light.

(S) Ram Island Light (Boothbay).

(T) Seguin Island Light.

(U) Marshall Point Light.

(V) Fort Point Light.
(W) West Quoddy Head Light.
(X) Brown's Head Light.
(Y) Cape Neddick Light.
(Z) Halfway Rock Light.
(AA) Ram Island Ledge Light.
(BB) Mount Desert Rock Light.
(CC) Whitlock's Mill Light.
(DD) Nash Island Light.
(EE) Manana Island Fog Signal Station.

(3) DEADLINE FOR CONVEYANCE.—The conveyances authorized by this subsection shall take place not later than 5 years after the date of the enactment of this Act.

(4) ADDITIONAL CONVEYANCES TO UNITED STATES FISH AND WILDLIFE SERVICE.—The Secretary may transfer, in accordance with the terms and conditions of subsection (b), the following lighthouses, together with any real property and improvements associated therewith, directly to the United States Fish and Wildlife Service:

(A) Two Bush Island Light.
(B) Egg Rock Light.
(C) Libby Island Light.
(D) Matinicus Rock Light.

(b) TERMS OF CONVEYANCE.—

(1) IN GENERAL.—The conveyance of property pursuant to this section shall be made—

(A) without payment of consideration; and

(B) subject to the conditions required by paragraphs (2) and (3) and other terms and conditions the Secretary may consider appropriate.

(2) MAINTENANCE OF NAVIGATION FUNCTION.—The conveyance of property pursuant to this section shall be made subject to the conditions that the Secretary considers necessary to assure that—

(A) the lights, antennas, and associated equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States;

(B) the Institute, the United States Fish and Wildlife Service, and an entity to which property is conveyed under this section may not interfere or allow interference in any manner with aids to navigation without express written permission from the Secretary;

(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to property conveyed under this section as may be necessary for navigational purposes;

(D) the United States shall have the right, at any time, to enter property conveyed under this section without notice for the purpose of maintaining aids to navigation; and

(E) the United States shall have an easement of access to property conveyed under this section for the purpose of maintaining the aids to navigation in use on the property.

(3) OBLIGATION LIMITATION.—The Institute, or any entity to which the Institute conveys a lighthouse under subsection (d), is not required to maintain any active aid to navigation equipment on a property conveyed under this section.

(4) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), the conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in such property shall immediately revert to the United States if—

(A) such property or any part of such property ceases to be used for educational, historic, recreational, cultural, and wildlife conservation programs for the general public and for such other uses as the Secretary determines to be not inconsistent or incompatible with such uses;

(B) such property or any part of such property ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation;

(C) such property or any part of such property ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.); or

(D) the Secretary determines that—

(i) the Institute is unable to identify an entity eligible for the conveyance of the lighthouse under subsection (d) within the 3-year period beginning on the date of the conveyance of the lighthouse to the Institute under subsection (a); or

(ii) in the event that the Institute identifies an entity eligible for the conveyance within that period—

(I) the entity is unable or unwilling to accept the conveyance and the Institute is unable to identify another entity eligible for the conveyance within that period; or

(II) the Maine Lighthouse Selection Committee established under subsection (d)(3)(A) disapproves of the entity identified by the Institute and the Institute is unable to identify another entity eligible for the conveyance within that period.

(c) INSPECTION.—The State Historic Preservation Officer of the State of Maine may inspect any lighthouse, and any real property and improvements associated therewith, that is conveyed under this section at any time, without notice, for purposes of ensuring that the lighthouse is being maintained in the manner required under subsection (b). The Institute, and any subsequent conveyee of the Institute under subsection (d), shall cooperate with the official referred to in the preceding sentence in the inspections of that official under this subsection.

(d) SUBSEQUENT CONVEYANCE.—

(1) REQUIREMENT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Institute shall convey, without consideration, all right, title, and interest of the Institute in and to the lighthouses conveyed to the Institute under subsection (a), together with any real property and improvements associated therewith, to one or more entities identified under paragraph (2) and approved by the committee established under paragraph (3) in accordance with the provisions of such paragraph (3).

(B) EXCEPTION.—The Institute, with the concurrence of the Maine Lighthouse Selection Committee and in accordance with the terms and conditions of subsection (b), may retain right, title, and interest in and to the following lighthouses conveyed to the Institute:

(i) Whitehead Island Light.

(ii) Deer Island Thorofare (Mark Island) Light.

(2) IDENTIFICATION OF ELIGIBLE ENTITIES.—

(A) IN GENERAL.—Subject to subparagraph (B), the Institute shall identify entities eligible for the conveyance of a lighthouse under this subsection. Such entities shall include any department or agency of the Federal Government, any department or agency of the Government of the State of Maine, any local government in that State, or any nonprofit corporation, educational agency, or community development organization that—

(i) is financially able to maintain the lighthouse (and any real property and improvements conveyed therewith) in accordance with the conditions set forth in subsection (b);

(ii) has agreed to permit the inspections referred to in subsection (c); and

(iii) has agreed to comply with the conditions set forth in subsection (b); and to have such conditions recorded with the deed of title to the lighthouse and any real property and improvements that may be conveyed therewith.

(B) ORDER OF PRIORITY.—In identifying entities eligible for the conveyance of a lighthouse under this paragraph, the Institute shall give priority to entities in the following order, which are also the exclusive entities eligible for the conveyance of a lighthouse under this section:

(i) Agencies of the Federal Government.

(ii) Entities of the Government of the State of Maine.

(iii) Entities of local governments in the State of Maine.

(iv) Nonprofit corporations, educational agencies, and community development organizations.

(3) SELECTION OF CONVEYEES AMONG ELIGIBLE ENTITIES.—

(A) COMMITTEE.—

(i) IN GENERAL.—There is hereby established a committee to be known as the Maine Lighthouse Selection Committee (in this paragraph referred to as the ''Committee'').

(ii) MEMBERSHIP.—The Committee shall consist of five members appointed by the Secretary as follows:

(I) One member, who shall serve as the Chairman of the Committee, shall be appointed from among individuals recommended by the Governor of the State of Maine.

(II) One member shall be the State Historic Preservation Officer of the State of Maine, with the consent of that official, or a designee of that official.

(III) One member shall be appointed from among individuals recommended by State and local organizations in the State of Maine that are concerned with lighthouse preservation or maritime heritage matters.

(IV) One member shall be appointed from among individuals recommended by officials of local governments of the municipalities in which the lighthouses are located.

(V) One member shall be appointed from among individuals recommended by the Secretary of the Interior.

(iii) APPOINTMENT DEADLINE.—The Secretary shall appoint the members of the Committee not later than 90 days after the date of the enactment of this Act.

(iv) MEMBERSHIP TERM.—

(I) Members of the Committee shall serve for such terms not longer than 3 years as the Secretary shall provide. The Secretary may stagger the terms of initial members of the Committee in order to ensure continuous activity by the Committee.

(II) Any member of the Committee may serve after the expiration of the term of the member until a successor to the member is appointed. A vacancy in the Committee shall be filled in the same manner in which the original appointment was made.

(v) VOTING.—The Committee shall act by an affirmative vote of a majority of the members of the Committee.

(B) RESPONSIBILITIES.—

(i) IN GENERAL.—The Committee shall—

(I) review the entities identified by the Institute under paragraph (2) as entities eligible for the conveyance of a lighthouse; and

(II) approve one such entity, or disapprove all such entities, as entities to which the Institute may make the conveyance of the lighthouse under this subsection.

(ii) APPROVAL.—If the Committee approves an entity for the conveyance of a lighthouse, the Committee shall notify the Institute of such approval.

(iii) DISAPPROVAL.—If the Committee disapproves of the entities, the Committee shall notify the Institute and, subject to subsection (b)(4)(D)(ii), the Institute shall identify other entities eligible for the conveyance of the lighthouse under paragraph (2). The Committee shall review and approve or disapprove entities identified pursuant to the preceding sentence in accordance with

this subparagraph and the criteria set forth in subsection (b).

(C) EXEMPTION FROM FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Committee, however, all meetings of the Committee shall be open to the public and preceded by appropriate public notice.

(D) TERMINATION.—The Committee shall terminate 8 years from the date of the enactment of this Act.

(4) CONVEYANCE.—Upon notification under paragraph (3)(B)(ii) of the approval of an identified entity for conveyance of a lighthouse under this subsection, the Institute shall, with the consent of the entity, convey the lighthouse to the entity.

(5) RESPONSIBILITIES OF CONVEYEES.—Each entity to which the Institute conveys a lighthouse under this subsection, or any successor or assign of such entity in perpetuity, shall—

(A) use and maintain the lighthouse in accordance with subsection (b) and have such terms and conditions recorded with the deed of title to the lighthouse and any real property conveyed therewith; and

(B) permit the inspections referred to in subsection (c).

(e) DESCRIPTION OF PROPERTY.—The legal description of any lighthouse, and any real property and improvements associated therewith, conveyed under subsection (a) shall be determined by the Secretary. The Secretary shall retain all right, title, and interest of the United States in and to any historical artifact, including any lens or lantern, that is associated with the lighthouses conveyed under this subsection, whether located at the lighthouse or elsewhere. The Secretary shall identify any equipment, system, or object covered by this paragraph.

(f) REPORT.—Not later than 1 year after the date of the enactment of this Act, and annually thereafter for the next 7 years, the Secretary shall submit to Congress a report on the conveyance of lighthouses under this section. The report shall include a description of the implementation of the provisions of this section, and the requirements arising under such provisions, in—

(1) providing for the use and maintenance of the lighthouses conveyed under this section in accordance with subsection (b);

(2) providing for public access to such lighthouses; and

(3) achieving the conveyance of lighthouses to appropriate entities under subsection (d).

**SEC. 1003. CONVEYANCE OF SQUIRREL POINT LIGHT.**

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—The Secretary of Transportation (in this section referred to as the ''Secretary'') shall convey to Squirrel Point Associates, Incorporated, by an appropriate means of conveyance, all right, title, and interest of the United States in and to the property comprising the Squirrel Point Light, located in the town of Arrowsic, Maine.

(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this subsection.

(b) TERMS OF CONVEYANCE.—

(1) IN GENERAL.—The conveyance of property pursuant to this section shall be made—

(A) without payment of consideration; and

(B) subject to the conditions required by paragraphs (3) and (4) and other terms and conditions the Secretary may consider appropriate.

(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), the conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in the Squirrel Point Light shall immediately revert to the United States if the Squirrel Point Light, or any part of the property—

(A) ceases to be used as a nonprofit center for the interpretation and preservation of maritime history;

(B) ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation; or

(C) ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.).

(3) MAINTENANCE OF NAVIGATION FUNCTION.—The conveyance of property pursuant to this section shall be made subject to the conditions that the Secretary considers to be necessary to assure that—

(A) the lights, antennas, and associated equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States;

(B) Squirrel Point Associates, Incorporated, or any successor or assign, may not interfere or allow interference in any manner with aids to navigation without express written permission from the Secretary;

(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to the Squirrel Point Light as may be necessary for navigational purposes;

(D) the United States shall have the right, at any time, to enter the property without notice for the purpose of maintaining aids to navigation; and

(E) the United States shall have an easement of access to the property for the purpose of maintaining the aids to navigation in use on the property.

(4) OBLIGATION LIMITATION.—The Squirrel Point Associates, Incorporated, or any successor or assign, is not required to maintain any active aid to navigation equipment on property conveyed pursuant to this section.

(5) MAINTENANCE OF PROPERTY.—The Squirrel Point Associates, Incorporated, or any successor or assign, shall maintain the Squirrel Point Light in accordance with the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.), and other applicable laws.

(c) DEFINITIONS.—For purposes of this section, the term ''Squirrel Point Light'' means the Coast Guard light station located in the town of Arrowsic, Sagadahoc County, Maine—

(1) including the light tower, dwelling, boat house, oil house, barn, any other ancillary buildings and such land as may be necessary to enable Squirrel Point Associates, Incorporated, or any successor or assign, to operate a non-profit center for public benefit; and

(2) except any historical artifact, including any lens or lantern, located on the property at or before the time of the conveyance.

**SEC. 1004. CONVEYANCE OF MONTAUK LIGHT STATION, NEW YORK.**

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—The Secretary of Transportation (in this section referred to as the ''Secretary'') shall convey to the Montauk Historical Association in Montauk, New York, by an appropriate means of conveyance, all right, title, and interest of the United States in and to property comprising Montauk Light Station, located at Montauk, New York.

(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.

(b) TERMS OF CONVEYANCE.—

(1) IN GENERAL.—A conveyance of property pursuant to this section shall be made—

(A) without the payment of consideration; and

(B) subject to the conditions required by paragraphs (3) and (4) and such other terms and conditions as the Secretary may consider appropriate.

(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), any conveyance of property comprising the Montauk Light Station pursuant to subsection (a) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof—

(A) ceases to be maintained as a nonprofit center for public benefit for the interpretation and preservation of the material culture of the United States Coast Guard, the maritime history of Montauk, New York, and Native American and colonial history;

(B) ceases to be maintained in a manner that ensures its present or future use as a Coast Guard aid to navigation; or

(C) ceases to be maintained in a manner consistent with the provisions of the National Historic Preservation Act (16 U.S.C. 470 et seq.).

(3) MAINTENANCE OF NAVIGATION FUNCTIONS.—Any conveyance of property pursuant to this section shall be subject to such conditions as the Secretary considers to be necessary to assure that—

(A) the light, antennas, sound signal, electronic navigation equipment, and associated lighthouse equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States for as long as they are needed for this purpose;

(B) the Montauk Historical Association, or any successor or assign, may not interfere or allow interference in any manner with such aids to navigation without express written permission from the United States;

(C) there is reserved to the United States the right to replace, or add any aids to navigation, or make any changes to the Montauk Light Station as may be necessary for navigation purposes;

(D) the United States shall have the right, at any time, to enter the property conveyed without notice for the purpose of maintaining navigation aids;

(E) the United States shall have an easement of access to such property for the purpose of maintaining the navigational aids in use on the property; and

(F) the Montauk Light Station shall revert to the United States at the end of the 30-day period beginning on any date on which the Secretary of Transportation provides written notice to the Montauk Historical Association, or any successor or assign, that the Montauk Light Station is needed for national security purposes.

(4) MAINTENANCE OF PROPERTY.—Any conveyance of property under this section shall be subject to the condition that the Montauk Historical Association, or any successor or assign, shall maintain the Montauk Light Station in accordance with the provisions of the National Historic Preservation Act (16 U.S.C. 470 et seq.) and other applicable laws.

(5) OBLIGATION LIMITATION.—The Montauk Historical Association, or any successor or assign, shall not have any obligation to maintain any active aid to navigation equipment on property conveyed pursuant to this section.

(c) MONTAUK LIGHT STATION DEFINED.—For purposes of this section, the term ''Montauk Light Station'' means the Coast Guard light station known as Light Station Montauk Point, located at Montauk, New York, including the lighthouse, the keeper's dwellings, adjacent Coast Guard rights of way, the World War II submarine spotting tower, the

lighthouse tower, and the paint locker, except any historical artifact, including any lens or lantern, located on the property at or before the time of conveyance.

**SEC. 1005. CONVEYANCE OF POINT ARENA LIGHT STATION.**

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—At such time as the Secretary of Transportation (referred to in this section as the ''Secretary'') determines the Point Arena Light Station to be excess to the needs of the Coast Guard, the Secretary shall convey to the Point Arena Lighthouse Keepers, Inc., by an appropriate means of conveyance, all right, title, and interest of the United States in and to The Point Arena Lighthouse, located in Mendocino County, California, except that the Coast Guard shall retain all right, title, and interest in any historical artifact, including any lens or lantern, on the property conveyed pursuant to this section, or belonging to the property, whether located on the property or elsewhere, except that such lens must be retained within the boundary of the State of California.

(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.

(b) TERMS OF CONVEYANCE.—

(1) IN GENERAL.—A conveyance of property pursuant to this section shall be made—

(A) without the payment of consideration; and

(B) subject to such terms and conditions as the Secretary may consider appropriate.

(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), any conveyance of property comprising the Point Arena Light Station pursuant to subsection (a) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof ceases to be maintained as a nonprofit center for public benefit for the interpretation and preservation of the maritime history of Point Arena, California.

(3) MAINTENANCE OF NAVIGATION FUNCTIONS.—Any conveyance of property pursuant to this section shall be subject to such conditions as the Secretary considers to be necessary to assure that—

(A) the light, antennas, sound signal, and associated lighthouse equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States for as long as they are needed for this purpose;

(B) the Point Arena Lighthouse Keepers, Inc., or any successors or assigns, may not interfere or allow interference in any manner with such aids to navigation without express written permission from the United States;

(C) there is reserved to the United States the right to relocate, replace, or add any aids to navigation, or make any changes to the Point Arena Light Station as may be necessary for navigation purposes;

(D) the United States shall have the right, at any time, to enter the property conveyed without notice for the purpose of maintaining navigation aids;

(E) the United States shall have an easement of access to such property for the purpose of maintaining the navigational aids in use on the property; and

(F) the Point Arena Light Station shall revert to the United States at the end of the 30-day period beginning on any date on which the Secretary of Transportation provides written notice to the Point Arena Lighthouse Keepers, Inc., or any successor or assign, that the Point Arena Light Station is needed for national security purposes.

(4) MAINTENANCE OF PROPERTY.—Any conveyance of property under this section shall be subject to the condition that the Point Arena Lighthouse Keepers, Inc., or any successor or assign, shall maintain the Point Arena Light Station in accordance with the provisions of the National Historic Preservation Act (16 U.S.C. 470 et seq.) and other applicable laws.

(5) OBLIGATION LIMITATION.—The Point Arena Lighthouse Keepers, Inc., or any successors or assigns, shall not have any obligation to maintain any active aid to navigation equipment on property conveyed pursuant to this section.

(c) MAINTENANCE STANDARD.—The Point Arena Lighthouse Keepers, Inc., or any successor or assign, at its own cost and expense, shall maintain, in a proper, substantial and workmanlike manner, all properties conveyed.

(d) POINT ARENA LIGHT STATION DEFINED.—For purposes of this section, the term ''Point Arena Light Station'' means the Coast Guard property and improvements located at Point Arena, California, including the light tower building, fog signal building, 2 small shelters, 4 residential quarters, and a restroom facility.

**SEC. 1006. CONVEYANCE OF PROPERTY IN KETCHIKAN, ALASKA.**

(a) AUTHORITY TO CONVEY.—The Secretary of Transportation (referred to in this section as the ''Secretary''), in cooperation with the Administrator of the General Services Administration, shall convey to the Ketchikan Indian Corporation in Ketchikan, Alaska, without reimbursement and by no later than 120 days after the date of enactment of this Act, all right, title, and interest of the United States in and to the property known as the ''Former Marine Safety Detachment'' as identified in Report of Excess Number CG–689 (GSA Control Number 9–U–AK–0747) and described in subsection (b), for use as a health or social services facility.

(b) IDENTIFICATION OF PROPERTY.—The Secretary shall identify, describe, and determine the property to be conveyed pursuant to this section.

(c) REVERSIONARY INTEREST.—The conveyance of property described in subsection (b) shall be subject to the condition that such property, and all right, title and interest in such property, shall transfer to the City of Ketchikan if, within 18 months of the date of enactment of this Act, the Ketchikan Indian Corporation has not completed design and construction plans for a health and social services facility and received approval from the City of Ketchikan for such plans or the written consent of the City to exceed this period.

(d) In the event that the property described in subsection (b) is transferred to the City of Ketchikan under subsection (c), the transfer shall be subject to the condition that all right, title, and interest in and to the property shall immediately revert to the United States if the property ceases to be used by the City of Ketchikan.

**SEC. 1007. CONVEYANCE OF PROPERTY IN TRAVERSE CITY, MICHIGAN.**

(a) AUTHORITY TO CONVEY.—The Secretary of Transportation (or any other official having control over the property described in subsection (b)) shall expeditiously convey to the Traverse City Area Public School District in Traverse City, Michigan, without consideration, all right, title, and interest of the United States in and to the property described in subsection (b), subject to all easements and other interests in the property held by any other person.

(b) IDENTIFICATION OF PROPERTY.—The Secretary shall identify, describe, and determine the property to be conveyed pursuant to this section.

(c) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to subsection (a) or (d), any conveyance of property described in subsection (b) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof, ceases to be used by the Traverse City Area Public School District.

(d) TERMS OF CONVEYANCE.—The conveyance of property under this section shall be subject to such conditions as the Secretary considers to be necessary to assure that—

(1) the pump room located on the property shall continue to be operated and maintained by the United States for as long as it is needed for this purpose;

(2) the United States shall have an easement of access to the property for the purpose of operating and maintaining the pump room; and

(3) the United States shall have the right, at any time, to enter the property without notice for the purpose of operating and maintaining the pump room.

**SEC. 1008. TRANSFER OF COAST GUARD PROPERTY IN NEW SHOREHAM, RHODE ISLAND.**

(a) REQUIREMENT.—The Secretary of Transportation (or any other official having control over the property described in subsection (b)) may convey to the town of New Shoreham, Rhode Island, without consideration, all right, title, and interest of the United States in and to the property known as the United States Coast Guard Station Block Island, as described in subsection (b), subject to all easements and other interest in the property held by any other person.

(b) PROPERTY DESCRIBED.—The property referred to in subsection (a) is real property (including buildings and improvements) located on the west side of Block Island, Rhode Island, at the entrance to the Great Salt Pond and referred to in the books of the Tax Assessor of the town of New Shoreham, Rhode Island, as lots 10 and 12, comprising approximately 10.7 acres.

(c) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to subsection (a), any conveyance of property under subsection (a) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof, ceases to be used by the town of New Shoreham, Rhode Island.

**SEC. 1009. CONVEYANCE OF PROPERTY IN SANTA CRUZ, CALIFORNIA.**

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—The Secretary of Transportation (referred to in this section as the ''Secretary'') may convey to the Santa Cruz Port District by an appropriate means of conveyance, all right, title, and interest of the United States in and to the property described in paragraph (2).

(2) IDENTIFICATION OF PROPERTY.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.

(b) CONSIDERATION.—Any conveyance of property pursuant to this section shall be made without payment of consideration.

(c) CONDITION.—The conveyance provided for in subsection (a) may be made contingent upon agreement by the Port District that—

(1) the utility systems, building spaces, and facilities or any alternate, suitable facilities and buildings on the harbor premises would be available for joint use by the Port District and the Coast Guard when deemed necessary by the Coast Guard; and

(2) the Port District would be responsible for paying the cost of maintaining, operating, and replacing (as necessary) the utility

systems and any buildings and facilities located on the property as described in subsection (a) or on any alternate, suitable property on the harbor premises set aside for use by the Coast Guard.

(d) REVERSIONARY INTEREST.—Any conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in Subunit Santa Cruz shall immediately revert to the United States—

(1) if Subunit Santa Cruz ceases to be maintained as a nonprofit center for education, training, administration, and other public service to include use by the Coast Guard; or

(2) at the end of the thirty day period beginning on any date on which the Secretary provides written notice to the Santa Cruz Port District that Subunit Santa Cruz is needed for national security purposes.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

(f) DEFINITIONS.—For purposes of this section—

(1) ''Subunit Santa Cruz'' means the Coast Guard property and improvements located at Santa Cruz, California;

(2) ''Secretary'' means the Secretary of the department in which the Coast Guard is operating; and

(3) ''Port District'' means the Santa Cruz Port District, or any successor or assign.

**SEC. 1010. CONVEYANCE OF VESSEL S/S RED OAK VICTORY.**

(a) IN GENERAL.—Notwithstanding any other law, the Secretary of Transportation (referred to in this section as the ''Secretary'') may convey the right, title, and interest of the United States Government in and to the vessel S/S RED OAK VICTORY (Victory Ship VCS–AP2; United States Navy Hull No. AK235) to the City of Richmond Museum Association, Inc., located in Richmond, California (in this section referred to as ''the recipient''), if—

(1) the recipient agrees to use the vessel for the purposes of a monument to the wartime accomplishments of the City of Richmond;

(2) the vessel is not used for commercial transportation purposes;

(3) the recipient agrees to make the vessel available to the Government if the Secretary requires use of the vessel by the Government for war or a national emergency;

(4) the recipient agrees to hold the Government harmless for any claims arising from exposure to asbestos after conveyance of the vessel, except for claims arising from use by the Government under paragraph (3); and

(5) the recipient has available, for use to restore the vessel, in the form of cash, liquid assets, or a written loan commitment, financial resources of at least $100,000.

(b) DELIVERY OF VESSEL.—If a conveyance is made under this section, the Secretary shall deliver the vessel at the place where the vessel is located on the date of enactment of this Act, in its present condition, without cost to the Government.

(c) OTHER UNNEEDED EQUIPMENT.—The Secretary may convey to the recipient any unneeded equipment from other vessels in the National Defense Reserve Fleet for use to restore the S/S RED OAK VICTORY to museum quality.

(d) RETENTION OF VESSEL IN NDRF.—The Secretary shall retain in the National Defense Reserve Fleet the vessel authorized to be conveyed under subsection (a), until the earlier of—

(1) 2 years after the date of the enactment of this Act; or

(2) the date of conveyance of the vessel under subsection (a).

**SEC. 1011. CONVEYANCE OF EQUIPMENT.**

The Secretary of Transportation may convey any unneeded equipment from other vessels in the National Defense Reserve Fleet to the JOHN W. BROWN and other qualified United States memorial ships in order to maintain their operating condition.

**SEC. 1012. PROPERTY EXCHANGE.**

(a) PROPERTY ACQUISITION.—The Secretary may, by means of an exchange of property, acceptance as a gift, or other means that does not require the use of appropriated funds, acquire all right, title, and interest in and to a parcel or parcels of real property and any improvements thereto located within the limits of the City and Borough of Juneau, Alaska.

(b) ACQUISITION THROUGH EXCHANGE.—For the purposes of acquiring property under subsection (a) by means of an exchange, the Secretary may convey all right, title, and interest of the United States in and to a parcel or parcels of real property and any improvements thereto located within the limits of the City and Borough of Juneau, Alaska and in the control of the Coast Guard if the Secretary determines that the exchange is in the best interest of the Coast Guard.

(c) TERMS AND CONDITIONS.—The Secretary may require such terms and conditions under this section as the Secretary considers appropriate to protect the interests of the United States.

## TITLE XI—MISCELLANEOUS

**SEC. 1101. FLORIDA AVENUE BRIDGE.**

For purposes of the alteration of the Florida Avenue Bridge (located approximately 1.63 miles east of the Mississippi River on the Gulf Intracoastal Waterway in Orleans Parish, Louisiana) ordered by the Secretary of Transportation under the Act of June 21, 1940 (33 U.S.C. 511 et seq.), the Secretary shall treat the drainage siphon that is adjacent to the bridge as an appurtenance of the bridge, including with respect to apportionment and payment of costs for the removal of the drainage siphon in accordance with that Act.

**SEC. 1102. OIL SPILL RECOVERY INSTITUTE.**

(a) ADVISORY BOARD AND EXECUTIVE COMMITTEE.—Section 5001 of the Oil Pollution Act of 1990 (33 U.S.C. 2731) is amended—

(1) by striking ''to be administered by the Secretary of Commerce'' in subsection (a);

(2) by striking ''and located'' in subsection (a) and inserting ''located'';

(3) by striking ''the EXXON VALDEZ oil spill'' each place it appears in subsection (b)(2) and inserting ''Arctic or Subarctic oil spills'';

(4) by striking ''18'' in subsection (c)(1) and inserting ''16'';

(5) by striking '', Natural Resources, and Commerce and Economic Development'' in subsection (c)(2)(A) and inserting a comma and ''and Natural Resources'';

(6) by striking subsection (c)(1) (B), (C), and (D);

(7) by redesignating subparagraphs (E) and (F) of subsection (c)(1) as subparagraphs (G) and (H), respectively;

(8) by inserting after subparagraph (A) of subsection (c)(1) the following:

''(B) One representative appointed by each of the Secretaries of Commerce, the Interior, and Transportation, who shall be Federal employees.

''(C) Two representatives from the fishing industry appointed by the Governor of the State of Alaska from among residents of communities in Alaska that were affected by the EXXON VALDEZ oil spill, who shall serve terms of 2 years each. Interested organizations from within the fishing industry may submit the names of qualified individuals for consideration by the Governor.

''(D) Two Alaska Natives who represent Native entities affected by the EXXON VALDEZ oil spill, at least one of whom represents an entity located in Prince William Sound, appointed by the Governor of Alaska from a list of 4 qualified individuals submitted by the Alaska Federation of Natives, who shall serve terms of 2 years each.

''(E) Two representatives from the oil and gas industry to be appointed by the Governor of the State of Alaska who shall serve terms of 2 years each. Interested organizations from within the oil and gas industry may submit the names of qualified individuals for consideration by the Governor.

''(F) Two at-large representatives from among residents of communities in Alaska that were affected by the EXXON VALDEZ oil spill who are knowledgeable about the marine environment and wildlife within Prince William Sound, and who shall serve terms of 2 years each, appointed by the remaining members of the Advisory Board. Interested parties may submit the names of qualified individuals for consideration by the Advisory Board.'';

(9) adding at the end of subsection (c) the following:

''(4) SCIENTIFIC REVIEW.—The Advisory Board may request a scientific review of the research program every five years by the National Academy of Sciences which shall perform the review, if requested, as part of its responsibilities under section 7001(b)(2).'';

(10) by striking ''the EXXON VALDEZ oil spill'' in subsection (d)(2) and inserting ''Arctic or Subarctic oil spills'';

(11) by striking ''Secretary of Commerce'' in subsection (e) and inserting ''Advisory Board'';

(12) by striking '', the Advisory Board,'' in the second sentence of subsection (e);

(13) by striking ''Secretary's'' in subsection (e) and inserting ''Advisory Board's'';

(14) by inserting ''authorization in section 5006(b) providing funding for the'' in subsection (i) after ''The'';

(15) by striking ''this Act'' in subsection (i) and inserting ''the Coast Guard Authorization Act of 1995''; and

(16) by inserting ''The Advisory Board may compensate its Federal representatives for their reasonable travel costs.'' in subsection (j) after ''Institute.''.

(b) FUNDING.—Section 5006 of the Oil Pollution Act of 1990 (33 U.S.C. 2736) is amended by—

(1) striking subsection (a), redesignating subsection (b) as subsection ''(a)'';

(2) striking ''5003'' in the caption of subsection (a), as redesignated, and inserting ''5001, 5003,'';

(3) inserting ''to carry out section 5001 in the amount as determined in section 5006(b), and'' after ''limitation,'' in the text of subsection (a), as redesignated; and

(4) adding at the end thereof the following:

''(b) USE OF INTEREST ONLY.—The amount of funding to be made available annually to carry out section 5001 shall be the interest produced by the Fund's investment of the $22,500,000 remaining funding authorized for the Prince William Sound Oil Spill Recovery Institute and currently deposited in the Fund and invested by the Secretary of the Treasury in income producing securities along with other funds comprising the Fund.

''(c) USE FOR SECTION 1012.—Beginning with the eleventh year following the date of enactment of the Coast Guard Authorization Act of 1995, the funding authorized for the Prince William Sound Oil Spill Recovery Institute and deposited in the Fund shall thereafter be made available for purposes of section 1012 in Alaska.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 6002(b) of the Oil Pollution Act of 1990 (33 U.S.C. 2752(b)) is amended by striking ''5006(b)'' and inserting ''5006''.

(2) Section 7001(c)(9) the Oil Pollution Act of 1990 (33 U.S.C. 2761(c)(9)) is amended by striking the period at the end thereof and inserting ''until the authorization for funding under section 5006(b) expires''.

**SEC. 1103. LIMITED DOUBLE HULL EXEMPTIONS.**

(a) IN GENERAL.—The double hull construction requirements of section 3703a of title 46, United States Code, do not apply to—

(1) a vessel documented under chapter 121 of title 46, United States Code, that was equipped with a double hull before August 12, 1992;

(2) a barge of less than 1,500 gross tons carrying refined petroleum product in bulk as cargo in or adjacent to waters of the Bering Sea, Chukchi Sea, and Arctic Ocean and waters tributary thereto and in the waters of the Aleutian Islands and the Alaskan Peninsula west of 155 degrees west longitude; or

(3) a vessel in the National Defense Reserve Fleet pursuant to section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744).

(b) AUTHORITY OF THE SECRETARY OF TRANSPORTATION.—

(1) OPERATION OF BARGES IN OTHER WATERS.—The operation of barges described in subsection (a)(2) outside waters described in that subsection shall be on such conditions as the Secretary of Transportation may require.

(2) NO EFFECT ON OTHER AUTHORITY OF THE SECRETARY.—Except as provided in subsection (a), nothing in this section affects the authority of the Secretary of Transportation to regulate the construction, operation, or manning of barges and vessels in accordance with applicable laws and regulations.

(c) BARGE DEFINED.—For purposes of this section, the term ''barge'' has the meaning given that term in section 2101 of title 46, United States Code.

**SEC. 1104. OIL SPILL RESPONSE VESSELS.**

(a) DESCRIPTION.—Section 2101 of title 46, United States Code, is amended—

(1) by redesignating paragraph (20a) as (20b); and

(2) by inserting after paragraph (20) the following new paragraph:

''(20a) 'oil spill response vessel' means a vessel that is designated in its certificate of inspection as such a vessel, or that is adapted to respond to a discharge of oil or a hazardous material.''.

(b) EXEMPTION FROM LIQUID BULK CARRIAGE REQUIREMENTS.—Section 3702 of title 46, United States Code, is amended by adding at the end thereof the following:

''(f) This chapter does not apply to an oil spill response vessel if—

''(1) the vessel is used only in response-related activities; or

''(2) the vessel is—

''(A) not more than 500 gross tons;

''(B) designated in its certificate of inspection as an oil spill response vessel; and

''(C) engaged in response-related activities.''.

(c) MANNING.—Section 8104(p) of title 46, United States Code, is amended to read as follows:

''(p) The Secretary may prescribe the watchstanding and work hours requirements for an oil spill response vessel.''.

(d) MINIMUM NUMBER OF LICENSED INDIVIDUALS.—Section 8301(e) of title 46, United States Code, is amended to read as follows:

''(e) The Secretary may prescribe the minimum number of licensed individuals for an oil spill response vessel.''.

(e) MERCHANT MARINER DOCUMENT REQUIREMENTS.—Section 8701(a) of title 46, United States Code, is amended—

(1) by striking ''and'' after the semicolon at the end of paragraph (7),

(2) by striking the period at the end of paragraph (8) and inserting a semicolon and ''and''; and

(3) by adding at the end thereof the following new paragraph:

''(9) the Secretary may prescribe the individuals required to hold a merchant mariner's document serving onboard an oil spill response vessel.''.

(f) EXEMPTION FROM TOWING VESSEL REQUIREMENT.—Section 8905 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(c) Section 8904 of this title does not apply to an oil spill response vessel while engaged in oil spill response or training activities.''.

(g) INSPECTION REQUIREMENT.—Section 3301 of title 46, United States Code, is amended by adding at the end the following new paragraph:

''(14) oil spill response vessels.''.

**SEC. 1105. SENSE OF THE CONGRESS REGARDING PASSENGERS ABOARD COMMERCIAL VESSELS.**

It is the sense of the Congress that section 521(a)(1) of Public Law 103–182 (19 U.S.C. 58c(a)(5)) was intended to require the collection and remission of a fee from each passenger only one time in the course of a single voyage aboard a commercial vessel.

**SEC. 1106. CALIFORNIA CRUISE INDUSTRY REVITALIZATION.**

Section 5(b)(2) of the Act of January 2, 1951 (15 U.S.C. 1175(b)(2)), commonly referred to as the ''Johnson Act'', is amended by adding at the end thereof the following:

''(C) EXCLUSION OF CERTAIN VOYAGES AND SEGMENTS.—Except for a voyage or segment of a voyage that occurs within the boundaries of the State of Hawaii, a voyage or segment of a voyage is not described in subparagraph (B) if it includes or consists of a segment—

''(i) that begins and ends in the same State;

''(ii) that is part of a voyage to another State or to a foreign country; and

''(iii) in which the vessel reaches the other State or foreign country within 3 days after leaving the State in which it begins.''.

**SEC. 1107. LOWER COLUMBIA RIVER MARINE FIRE AND SAFETY ACTIVITIES.**

The Secretary of Transportation is authorized to expend out of the amounts appropriated for the Coast Guard for fiscal year 1996 not more than $491,000 for lower Columbia River marine, fire, oil, and toxic spill response communications, training, equipment, and program administration activities conducted by the Marine Fire and Safety Association.

**SEC. 1108. OIL POLLUTION RESEARCH TRAINING.**

Section 7001(c)(2)(D) of the Oil Pollution Act of 1990 (33 U.S.C. 2761(c)(2)(D)) is amended by striking ''Texas;'' and inserting ''Texas, and the Center for Marine Training and Safety in Galveston, Texas;''.

**SEC. 1109. LIMITATION ON RELOCATION OF HOUSTON AND GALVESTON MARINE SAFETY OFFICES.**

The Secretary of Transportation may not relocate the Coast Guard Marine Safety Offices in Galveston, Texas, and Houston, Texas. Nothing in this section prevents the consolidation of management functions of these Coast Guard authorities.

**SEC. 1110. UNINSPECTED FISH TENDER VESSELS.**

Section 3302 of Title 46, United States Code, is amended in subsection (c)(3)(A) by adding ''(including fishery-related products)'' after the word ''cargo''.

**SEC. 1111. FOREIGN PASSENGER VESSEL USER FEES.**

Section 3303 of title 46, United States Code, is amended—

(1) by striking ''(a)'' in subsection (a); and

(2) by striking subsection (b).

**SEC. 1112. COAST GUARD USER FEES.**

(a) FINDINGS.—The Congress finds the following:

(1) The Secretary of Transportation is authorized under subsection 10401(g) of the Omnibus Budget Reconciliation Act of 1990 (46 U.S.C. 2110(g)) to exempt persons from the requirement to pay Coast Guard inspection user fees if it is in the public interest to do so.

(2) Publicly-owned ferries serve the public interest by providing necessary, and in many cases, the only available, transportation between locations divided by bodies of water.

(3) Small passenger vessels serve the public interest by providing vital small business opportunities in virtually every coastal city of the United States and by providing important passenger vessels services.

(4) During the Coast Guard inspection user fee rulemaking process, small passenger vessel operators informed the Coast Guard that proposed user fees were excessive and would force small passenger operators out of business, leaving many areas without small passenger vessel services required by the public.

(5) The Secretary of Transportation failed to adequately protect the public interest and failed to follow Congressional intent by establishing Coast Guard inspection user fees for small passenger vessels which exceed the ability of these small businesses to pay the fees and by establishing Coast Guard inspection user fees for publicly-owned ferries.

(b) LIMITS ON USER FEES.—Section 10401(g) of the Omnibus Budget Reconciliation Act of 1990 (46 U.S.C. 2110(a)(2)) is amended by adding after ''annually.'' the following: ''The Secretary may not establish a fee or charge under paragraph (1) for inspection or examination of a small passenger vessel under this title that is more than $300 annually for such vessels under 65 feet in length, or more than $600 annually for such vessels 65 feet in length and greater. The Secretary may not establish a fee or charge under paragraph (1) for inspection or examination under this title for any publicly-owned ferry.''.

**SEC. 1113. VESSEL FINANCING.**

(a) DOCUMENTATION CITIZEN ELIGIBLE MORTGAGEE.—Section 31322(a)(1)(D) of title 46, United States Code, is amended—

(1) by striking ''or'' at the end of clause (v);

(2) by striking the period at the end of clause (vi) and inserting ''; or''; and

(3) by adding at the end the following:

''(vii) a person eligible to own a documented vessel under chapter 121 of this title.''.

(b) AMENDMENT TO TRUSTEE RESTRICTIONS.—Section 31328(a) of title 46, United States Code, is amended—

(1) by striking ''or'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ''; or''; and

(3) by adding at the end the following:

''(5) is a person eligible to own a documented vessel under chapter 121 of this title.''.

(c) LEASING.—Section 12106 of title 46, United States Code, is amended by adding at the end the following:

''(e)(1) A certificate of documentation for a vessel may be endorsed with a coastwise endorsement if—

''(A) the person that owns the vessel, a parent entity of that person, or a subsidiary of a parent entity of that person, is primarily engaged in leasing or other financing transactions;

''(B) the vessel is under a demise charter to a person qualifying as a citizen of the United States for engaging in the coastwise trade under section 2 of the Shipping Act, 1916, and it is certified that there are no other agreements, arrangements, or understandings between the vessel owner and the demise charterer with respect to the operation or management of the vessel;

''(C) the demise charter—

''(i) is for a period of at least 3 years or a shorter period as may be prescribed by the Secretary; and

''(ii) charter hire is not significantly greater than that prevailing in the commercial market; and

''(D) the vessel is otherwise eligible for documentation under section 12102.

''(2) The demise charter and any amendments to that charter shall be filed with the certificate required by this subsection, or within 10 days following the filing of an amendment to the charter, and such charter and amendments shall be made available to the public.

''(3) Upon default by a demise charterer required under paragraph (1)(C), the coastwise endorsement of the vessel may, in the sole discretion of the Secretary, be continued after the termination for default of the demise charter for a period not to exceed 6 months on such terms and conditions as the Secretary may prescribe.

''(4) For purposes of section 2 of the Shipping Act, 1916, and section 12102(a) of this title, a vessel meeting the criteria of this subsection is deemed to be owned exclusively by citizens of the United States.

''(5) A vessel eligible for documentation or to be endorsed with a coastwise endorsement under this subsection is not eligible for a fishery endorsement under section 12108.''.

(d) CONFORMING AMENDMENT.—Section 9(c) of the Shipping Act, 1916, as amended (46 U.S.C. App. 808(c)) is amended by striking ''sections 31322(a)(1)(D)'' and inserting ''sections 12106(e), 31322(a)(1)(D),''.

**SEC. 1114. MANNING AND WATCH REQUIREMENTS ON TOWING VESSELS ON THE GREAT LAKES.**

(a) Section 8104(c) of title 46, United States Code, is amended—

(1) by striking ''or permitted''; and

(2) by inserting after ''day'' the following: ''or permitted to work more than 15 hours in any 24-hour period, or more than 36 hours in any 72-hour period''.

(b) Section 8104(e) of title 46, United States Code, is amended by striking ''subsections (c) and (d)'' and inserting ''subsection (d)''.

(c) Section 8104(g) of title 46, United States Code, is amended by striking ''(except a vessel to which subsection (c) of this section applies)''.

**SEC. 1115. REPEAL OF GREAT LAKES ENDORSEMENTS.**

(a) REPEAL.—Section 12107 of title 46, United States Code, is repealed.

(b) CONFORMING AMENDMENTS.—

(1) The analysis at the beginning of chapter 121 of title 46, United States Code, is amended by striking the item relating to section 12107.

(2) Section 12101(b)(3) of title 46, United States Code, is repealed.

(3) Section 4370(a) of the Revised Statutes of the United States (46 App. U.S.C. 316(a)) is amended by striking ''or 12107''.

(4) Section 2793 of the Revised Statutes of the United States (46 App. U.S.C. 111, 123) is amended—

(A) by striking ''coastwise, Great Lakes endorsement'' and all that follows through ''foreign ports,'' and inserting ''registry endorsement, engaged in foreign trade on the Great Lakes or their tributary or connecting waters in trade with Canada,''; and

(B) by striking '', as if from or to foreign ports''.

(5) Section 9302(a)(1) of title 46, United States Code, is amended by striking ''subsections (d) and (e)'' and inserting ''subsections (d), (e) and (f)''.

(6) Section 9302(e) of title 46, United States Code, is amended by striking ''subsections (a) and (b)'' and inserting ''subsection (a)''.

(7) Section 9302 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(f) A United States vessel operating between ports on the Great Lakes or between ports on the Great Lakes and the St. Lawrence River carrying no cargo obtained from a foreign port outside of the Great Lakes or carrying no cargo bound for a foreign port outside of the Great Lakes, is exempt from the requirements of subsection (a) of this section.''.

**SEC. 1116. RELIEF FROM UNITED STATES DOCUMENTATION REQUIREMENTS.**

(a) IN GENERAL.—Notwithstanding any other law or any agreement with the United States Government, a vessel described in subsection (b) may be transferred to or placed under a foreign registry or sold to a person that is not a citizen of the United States and transferred to or placed under a foreign registry.

(b) VESSELS DESCRIBED.—The vessels referred to in subsection (a) are the following:

(1) RAINBOW HOPE (United States official number 622178).

(2) IOWA TRADER (United States official number 642934).

(3) KANSAS TRADER (United States official number 634621).

(4) MV PLATTE (United States official number number 653210).

(5) SOUTHERN (United States official number 591902).

(6) ARZEW (United States official number 598727).

(7) LAKE CHARLES (United States official number 619531).

(8) LOUISIANA (United States official number 619532).

(9) GAMMA (United States official number 598730).

**SEC. 1117. USE OF CANADIAN OIL SPILL RESPONSE AND RECOVERY VESSELS.**

Notwithstanding any other provision of law, oil spill response and recovery vessels of Canadian registry may operate in waters of the United States adjacent to the border between Canada and the State of Maine, on an emergency and temporary basis, for the purpose of recovering, transporting, and unloading in a United States port oil discharged as a result of an oil spill in or near such waters, if an adequate number and type of oil spill response and recovery vessels documented under the laws of the United States cannot be engaged to recover oil from an oil spill in or near those waters in a timely manner, as determined by the Federal On-Scene Coordinator for a discharge or threat of a discharge of oil.

**SEC. 1118. JUDICIAL SALE OF CERTAIN DOCUMENTED VESSELS TO ALIENS.**

Section 31329 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(f) This section does not apply to a documented vessel that has been operated only for pleasure.''.

**SEC. 1119. IMPROVED AUTHORITY TO SELL RECYCLABLE MATERIAL.**

Section 641(c)(2) of title 14, United States Code, is amended by inserting before the period the following: '', except that the Commandant may conduct sales of materials for which the proceeds of sale will not exceed $5,000 under regulations prescribed by the Commandant''.

**SEC. 1120. DOCUMENTATION OF CERTAIN VESSELS.**

(a) GENERAL CERTIFICATES.—Notwithstanding sections 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), as applicable on the date of enactment of this Act, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the following vessels:

(1) ALPHA TANGO (United States official number 945782).

(2) AURA (United States official number 1027807).

(3) BABS (United States official number 1030028).

(4) BAGGER (State of Hawaii registration number HA1809E).

(5) BILLY BUCK (United States official number 939064).

(6) CAPTAIN DARYL (United States official number 580125).

(7) CHRISSY (State of Maine registration number 4778B).

(8) CONSORTIUM (United States official number 303328).

(9) DRAGONESSA (United States official number 646512).

(10) EMERALD AYES (United States official number 986099).

(11) ENDEAVOUR (United States official number 947869).

(12) EVENING STAR (Hull identification number HA2833700774 and State of Hawaii registration number HA8337D).

(13) EXPLORER (United States official number 918080).

(14) FOCUS (United States official number 909293).

(15) FREJA VIKING (Danish registration number A395).

(16) GLEAM (United States official number 921594).

(17) GOD'S GRACE II (State of Alaska registration number AK5916B).

(18) HALCYON (United States official number 690219).

(19) IDUN VIKING (Danish registration number A433).

(20) INTREPID (United States official number 508185).

(21) ISABELLE (United States official number 600655).

(22) JAJO (Hull identification number R1Z200207H280 and State of Rhode Island registration number 388133).

(23) LADY HAWK (United States official number 961095).

(24) LIV VIKING (Danish registration number A394).

(25) MAGIC CARPET (United States official number 278971).

(26) MARANTHA (United States official number 638787).

(27) OLD HAT (United States official number 508299).

(28) ONRUST (United States official number 515058).

(29) PERSEVERANCE (Serial number 77NS8901).

(30) PRIME TIME (United States official number 660944).

(31) QUIETLY (United States official number 658315).

(32) RESOLUTION (Serial number 77NS8701).

(33) ROYAL AFFAIRE (United States official number 649292).

(34) SARAH-CHRISTEN (United States official number 542195).

(35) SEA MISTRESS (United States official number 696806).

(36) SERENITY (United States official number 1021393).

(37) SHAMROCK V (United States official number 900936).

(38) SHOOTER (United States official number 623333).

(39) SISU (United States official number 293648).

(40) SUNRISE (United States official number 950381).

(41) TOO MUCH FUN (United States official number 936565).

(42) TRIAD (United States official number 988602).

(43) WEST FJORD (Hull identification number X–53–109).

(44) WHY NOT (United States official number 688570).

(45) WOLF GANG II (United States official number 984934).

(46) YES DEAR (United States official number 578550).

(47) 14 former United States Army hovercraft with serial numbers LACV–30–04, LACV–30–05, LACV 30–07, LACV–30–09, LACV–30–10, LACV–30–13, LACV–30–14, LACV–30–15, LACV–30–16, LACV–30–22, LACV–30–23, LACV–30–24, LACV–30–25, and LACV–30–26.

(b) M/V TWIN DRILL.—Section 601(d) of the Coast Guard Authorization Act of 1993 (Public Law 103–206, 107 Stat. 2445) is amended—

(1) by striking ''June 30, 1995'' in paragraph (3) and inserting ''June 30, 1996''; and

(2) by striking ''12 months'' in paragraph (4) and inserting ''24 months''.

(c) CERTIFICATES OF DOCUMENTATION FOR GALLANT LADY.—

(1) IN GENERAL.—Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and section 12106 of title 46, United States Code, and subject to paragraph (2), the Secretary of Transportation may issue a certificate of documentation with an appropriate endorsement for employment in coastwise trade for each of the following vessels:

(A) GALLANT LADY (Feadship hull number 645, approximately 130 feet in length).

(B) GALLANT LADY (Feadship hull number 651, approximately 172 feet in length).

(2) LIMITATION ON OPERATION.—Coastwise trade authorized under a certificate of documentation issued for a vessel under this section shall be limited to the carriage of passengers in association with contributions to charitable organizations no portion of which is received, directly or indirectly, by the owner of the vessel.

(3) CONDITION.—The Secretary may not issue a certificate of documentation for a vessel under paragraph (1) unless, not later than 90 days after the date of enactment of this Act, the owner of the vessel referred to in paragraph (1)(B) submits to the Secretary a letter expressing the intent of the owner to, before April 1, 1997,enter into a contract for the construction in the United States of a passenger vessel of at least 130 feet in length.

(4) EFFECTIVE DATE OF CERTIFICATES.—A certificate of documentation issued under paragraph (1) shall take effect—

(A) for the vessel referred to in paragraph (1)(A), on the date of the issuance of the certificate; and

(B) for the vessel referred to in paragraph (1)(B), on the date of delivery of the vessel to the owner.

(5) TERMINATION OF EFFECTIVENESS OF CERTIFICATES.—A certificate of documentation issued for a vessel under paragraph (1) shall expire—

(A) on the date of the sale of the vessel by the owner;

(B) on April 1, 1997, if the owner of the vessel referred to in paragraph (1)(B) has not entered into a contract for construction of a vessel in accordance with the letter of intent submitted to the Secretary under paragraph (3); or

(C) on such date as a contract referred to in paragraph (2) is breached, rescinded, or terminated (other than for completion of performance of the contract) by the owner of the vessel referred to in paragraph (1)(B).

(d) CERTIFICATES OF DOCUMENTATION FOR ENCHANTED ISLE AND ENCHANTED SEAS.—Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), the Act of June 19, 1886 (46 U.S.C. App. 289), section 12106 of title 46, United States Code, section 506 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1156), and any agreement with the United States Government, the Secretary of Transportation may issue certificates of documentation with a coastwise endorsement for the vessels ENCHANTED ISLES (Panamanian official number 14087–84B) and ENCHANTED SEAS (Panamanian official number 14064–84D), except that the vessels may not operate between or among islands in the State of Hawaii.

**SEC. 1121. VESSEL DEEMED TO BE A RECREATIONAL VESSEL.**

The vessel, an approximately 96 meter twin screw motor yacht for which construction commenced in October, 1993, and which has been assigned the builder's number 13583 (to be named the LIMITLESS), is deemed for all purposes, including title 46, United States Code, and all regulations thereunder, to be a recreational vessel of less than 300 gross tons if it does not—

(1) carry cargo or passengers for hire; or

(2) engage in commercial fisheries or oceanographic research.

**SEC. 1122. SMALL PASSENGER VESSEL PILOT INSPECTION PROGRAM WITH THE STATE OF MINNESOTA.**

(a) IN GENERAL.—The Secretary may enter into an agreement with the State under which the State may inspect small passenger vessels operating in waters of that State designated by the Secretary, if—

(1) the State plan for the inspection of small passenger vessels meets such requirements as the Secretary may require to ensure the safety and operation of such vessels in accordance with the standards that would apply if the Coast Guard were inspecting such vessels; and

(2) the State will provide such information obtained through the inspection program to the Secretary annually in such form and in such detail as the Secretary may require.

(b) FEES.—The Secretary may adjust or waive the user fee imposed under section 3317 of title 46, United States Code, for the inspection of small passenger vessels inspected under the State program.

(c) TERMINATION.—The authority provided by subsection (a) terminates on December 31, 1998.

(d) DEFINITIONS.—For purposes of this section—

(1) SECRETARY.—The term ''Secretary'' means the Secretary of the department in which the Coast Guard is operating.

(2) STATE.—The term ''State'' means the State of Minnesota.

(3) SMALL PASSENGER VESSEL.—The term ''small passenger vessel'' means a small passenger vessel (as defined in section 2101(35) of title 46, United States Code) of not more than 40 feet overall in length.

**SEC. 1123. COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS FISHING.**

Section 8103(i)(1) of title 46, United States Code, is amended—

(1) by striking ''or'' in subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting a semicolon and ''or''; and

(3) by adding at the end thereof the following:

''(D) an alien allowed to be employed under the immigration laws of the Commonwealth of the Northern Mariana Islands if the vessel is permanently stationed at a port within the Commonwealth and the vessel is engaged in the fisheries within the exclusive economic zone surrounding the Commonwealth or another United States territory or possession.

**SEC. 1124. AVAILABILITY OF EXTRAJUDICIAL REMEDIES FOR DEFAULT ON PREFERRED MORTGAGE LIENS ON VESSELS.**

(a) AVAILABILITY OF EXTRAJUDICIAL REMEDIES.—Section 31325(b) of title 46, United States Code, is amended—

(1) in the matter preceding paragraph (1) by striking ''mortgage may'' and inserting ''mortgagee may'';

(2) in paragraph (1) by—

(A) striking ''perferred'' and inserting ''preferred''; and

(B) striking ''; and'' and inserting a semicolon; and

(3) by adding at the end the following:

''(3) enforce the preferred mortgage lien or a claim for the outstanding indebtedness secured by the mortgaged vessel, or both, by exercising any other remedy (including an extrajudicial remedy) against a documented vessel, a vessel for which an application for documentation is filed under chapter 121 of this title, a foreign vessel, or a mortgagor, maker, comaker, or guarantor for the amount of the outstanding indebtedness or any deficiency in full payment of that indebtedness, if—

''(A) the remedy is allowed under applicable law; and

''(B) the exercise of the remedy will not result in a violation of section 9 or 37 of the Shipping Act, 1916 (46 U.S.C. App. 808, 835).''.

(b) NOTICE.—Section 31325 of title 46, United States Code, is further amended by adding at the end the following:

''(f)(1) Before title to the documented vessel or vessel for which an application for documentation is filed under chapter 121 is transferred by an extrajudicial remedy, the person exercising the remedy shall give notice of the proposed transfer to the Secretary, to the mortgagee of any mortgage on the vessel filed in substantial compliance with section 31321 of this title before notice of the proposed transfer is given to the Secretary, and to any person that recorded a notice of a claim of an undischarged lien on the vessel under section 31343(a) or (d) of this title before notice of the proposed transfer is given to the Secretary.

''(2) Failure to give notice as required by this subsection shall not affect the transfer of title to a vessel. However, the rights of any holder of a maritime lien or a preferred mortgage on the vessel shall not be affected by a transfer of title by an extrajudicial remedy exercised under this section, regardless of whether notice is required by this subsection or given.

''(3) The Secretary shall prescribe regulations establishing the time and manner for providing notice under this subsection.''.

(c) RULE OF CONSTRUCTION.—The amendments made by subsections (a) and (b) may not be construed to imply that remedies other than judicial remedies were not available before the date of enactment of this section to enforce claims for outstanding indebtedness secured by mortgaged vessels.

**SEC. 1125. OFFSHORE FACILITY FINANCIAL RESPONSIBILITY REQUIREMENTS.**

(a) AMOUNT OF FINANCIAL RESPONSIBILITY.—Section 1016(c)(1) of the Oil Pollution Act of 1990 (33 U.S.C. 2716(c)(1)) is amended to read as follows:

''(1) IN GENERAL.—

''(A) EVIDENCE OF FINANCIAL RESPONSIBILITY REQUIRED.—Except as provided in paragraph (2), a responsible party with respect to an offshore facility that—

''(i)(I) is located seaward of the line of ordinary low water along that portion of the coast that is in direct contact with the open sea and the line marking the seaward limit of inland waters; or

''(II) is located in inland waters, such as coastal bays or estuaries, seaward of the line of ordinary low water along that portion of the coast that is not in direct contact with the open sea;

''(ii) is used for exploring for, drilling for, or producing oil, or for transporting oil from facilities engaged in oil exploration, drilling, or production; and

''(iii) has a worst-case oil spill discharge potential of more than 1,000 barrels of oil (or a lesser amount if the President determines that the risks posed by such facility justify it),

shall establish and maintain evidence of financial responsibility in the amount required under subparagraph (B) or (C), as applicable.

''(B) AMOUNT REQUIRED GENERALLY.—Except as provided in subparagraph (C), the amount of financial responsibility for offshore facilities that meet the criteria in subparagraph (A) is—

''(i) $35,000,000 for offshore facilities located seaward of the seaward boundary of a State; or

''(ii) $10,000,000 for offshore facilities located landward of the seaward boundary of a State.

''(C) GREATER AMOUNT.—If the President determines that an amount of financial responsibility for a responsible party greater than the amount required by subparagraphs (B) and (D) is justified by the relative operational, environmental, human health, and other risks posed by the quantity or quality of oil that is explored for, drilled for, produced, stored, handled, transferred, processed or transported by the responsible party, the evidence of financial responsibility required shall be for an amount determined by the President not exceeding $150,000,000.

''(D) MULTIPLE FACILITIES.—In the case in which a person is a responsible party for more than one facility subject to this subsection, evidence of financial responsibility need be established only to meet the amount applicable to the facility having the greatest financial responsibility requirement under this subsection.

''(E) STATE JURISDICTION.—The requirements of this paragraph shall not apply if an offshore facility located landward of the seaward boundary of a State is required by such State to establish and maintain evidence of financial responsibility in a manner comparable to, and in an amount equal to or greater than, the requirements of this paragraph.

''(F) DEFINITION.—For the purpose of this paragraph, the phrase ''seaward boundary of a State'' shall mean the boundaries described in section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)).''.

**SEC. 1126. DEAUTHORIZATION OF NAVIGATION PROJECT, COHASSET HARBOR, MASSACHUSETTS.**

The following portions of the project for navigation, Cohasset Harbor, Massachusetts, authorized by section 2 of the Act entitled ''An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes'', approved March 2, 1945 (59 Stat. 12), or carried out pursuant to section 107 of the River and Harbor Act of 1960 (33 U.S.C. 577), are deauthorized: A 7-foot deep anchorage and a 6-foot deep anchorage; beginning at site 1, starting at a point N453510.15, E792664.63, thence running south 53 degrees 07 minutes 05.4 seconds west 307.00 feet to a point N453325.90, E792419.07, thence running north 57 degrees 56 minutes 36.8 seconds west 201.00 feet to a point N453432.58, E792248.72, thence running south 88 degrees 57 minutes 25.6 seconds west 50.00 feet to a point N453431.67, E792198.73, thence running north 01 degree 02 minutes 52.3 seconds west 66.71 feet to a point N453498.37, E792197.51, thence running north 69 degrees 12 minutes 52.3 seconds east 332.32 feet to a point N453616.30, E792508.20, thence running south 55 degrees 50 minutes 24.1 seconds east 189.05 feet to point of origin; then site 2, starting at a point, N452886.64, E791287.83, thence running south 00 degrees 00 minutes 00.0 seconds west 56.04 feet to a point, N452830.60, E791287.83, thence running north 90 degrees 00 minutes 00.0 seconds west 101.92 feet to a point, N452830.60, E791185.91, thence running north 52 degrees 12 minutes 49.7 seconds east 89.42 feet to a point, N452885.39, E791256.58, thence running north 87 degrees 42 minutes 33.8 seconds east 31.28 feet to point of origin; and site 3, starting at a point, N452261.08, E792040.24, thence running north 89 degrees 07 minutes 19.5 seconds east 118.78 feet to a point, N452262.90, E792159.01, thence running south 43 degrees 39 minutes 06.8 seconds west 40.27 feet to a point, N452233.76, E792131.21, thence running north 74 degrees 33 minutes 29.1 seconds west 94.42 feet to a point, N452258.90, E792040.20, thence running north 01 degree 03 minutes 04.3 seconds east 2.18 feet to point of origin.

## NATIONAL FAMILY WEEK

Mr. LOTT. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of Senate Resolution 146, relating to the National Family Week, and that the Senate then proceed to its immediate consideration; that the resolution and preamble be agreed to, en bloc; that the motions to reconsider be laid upon the table, en bloc; and that any statements appear at the appropriate place in the RECORD as if read.

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

So the resolution (S. Res. 146) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 146

Whereas the family is the basic strength of any free and orderly society;

Whereas it is appropriate to honor the family as a unit essential to the continued well-being of the United States; and

Whereas it is fitting that official recognition be given to the importance of family loyalties and ties: Now, therefore, be it

*Resolved,* That the Senate designates the week beginning on November 19, 1995, and the week beginning on November 24, 1996, as ''National Family Week''. The Senate requests the President to issue a proclamation calling on the people of the United States to observe each week with appropriate ceremonies and activities.