United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

Vol. 142 WASHINGTON, THURSDAY, MAY 9, 1996 No. 64

House of Representatives

The House met at 10 a.m.

PRAYER

The Reverend Monsignor Mark J. Giordani, Cathedral of St. John the Baptist, Paterson, NJ, offered the following prayer:

Let us pray:

Father of all peoples and nations, we come before You to thank You for our Nation. Through our Founding Fathers, You have created the United States of America to be one nation under God.

Give us Your spirit to enlighten and empower us to enact laws that embody Your truth, justice, compassion, and peace. Teach us how to humble ourselves before You that both personally and as public servants we may exemplify Your integrity, honesty, and high moral character.

Father, make us Your beacon of light, not only financially, militarily, and through technology, but spiritually. If our spiritual roots decay, we will die. Let our love for our true freedom, liberty, and justice for all authentically shine in the midst of all peoples and nations.

Father, fulfill in our Nation and in all nations the words of Jesus Christ: ''I came that they may have life, and have it abundantly.''

We ask You this through Christ our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Texas, Mr. PETE GEREN, come forward and lead the House in the Pledge of Allegiance.

Mr. PETE GEREN of Texas led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will recognize fifteen 1-minute speeches on each side.

WELCOMING REV. MSGR. MARK J. GIORDANI

(Mr. MARTINI asked and was given permission to address the House for 1 minute.)

Mr. MARTINI. Mr. Speaker, today I welcome to the House of Representatives a good friend of all of the people of the Eighth Congressional District of New Jersey, Monsignor Mark J. Giordani.

Monsignor Giordani is not only a spiritual leader but also a renowned civic activist in the finest sense of the word. He is a man whom I have come to admire and respect.

As a young child, he lost his father to the anger of Italian fascists. Following this tragic incident, his mother turned to the strength of Christianity and instilled this faith in her son. This guiding force led the monsignor to a new and spiritual life in America.

Upon immigrating to the United States, the monsignor received a bachelor of arts degree in philosophy from St. Bonaventure University and a master's of divinity from Christ the King Seminary in New York.

During his seminary years, the monsignor dedicated endless hours to the poor, cultivating a passion to help the most unfortunate in our community. This passion was fulfilled through his appointment as a copastor of St. Gerard's parish in New Jersey. He was responsible for the founding of several local charitable organizations.

On November 1, 1987, Monsignor Giordani was appointed rector of St. John's Cathedral, and serves as spiritual leader day in and day out, offering his overwhelming kindness. No person is ever considered too big or too small to receive the attention of Monsignor Giordani.

Mr. Speaker, Monsignor Giordani is a spiritual pillar in our community. I offer admiration for his past and continued good services. Indeed, the people of the Eighth Congressional District of New Jersey have well become richer through the deeds, efforts, and spiritual guidance of the monsignor.

SENIOR CITIZENS BEWARE

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, the senior citizens of this country better beware again, because the Republicans once again have unveiled their budget resolution for this year, and it cuts Medicare and Medicaid drastically in order to once again provide tax breaks for the wealthiest in this country. Even worse, it actually changes the Medicare and Medicaid programs so much that we would not even recognize them.

Seniors are going to be forced into managed care systems because of balanced billing provisions. We expect that they will also be paying a lot more money out of their own pockets in order to pay for Medicare.

The cuts in the Medicare Part A Program that finances hospitals and health care institutions are even more severe essentially than previously suggested, and what that means is a lot of hospitals not only in urban areas but in rural areas and throughout the country will actually be forced to close because

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they will not be getting the money from the Federal Government that they need in order to continue to operate.

What we are seeing here again is the Republican agenda, which is essentially to destroy Medicare as we know it and create a second-class health care system for senior citizens.

DEMOCRATS WOULD SHUT DOWN GOVERNMENT AGAIN

(Mr. GUTKNECHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUTKNECHT. Mr. Speaker, it is no secret that liberal Democrats want to protect big government and that they are addicted to special interest money. But it is interesting to see the lengths to which they will go in order to protect the status quo here in Washington.

Earlier this week, a Democrat leader said the following: ''We are simply going to shut this place down.''

What that means Mr. Speaker, is that the liberals in the Democratic Party are so extreme that they are willing to put a halt to the business of Congress in order to do the bidding of the union bosses here in Washington.

What it also means is there may be no gas tax repeal. No Medicare reform. No welfare reform. No tax relief for America's families. And no balanced budget.

It is sad that a once-proud party has resorted to extremism and blackmail to force their special interest agenda on the American people.

HIGHER GAS PRICES MEAN UNPRECEDENTED OIL COMPANY PROFITS

(Mr. MORAN asked and was given permission to address the House for 1 minute.)

Mr. MORAN. Mr. Speaker, has anyone noticed what has happened to the stocks of oil companies in this country? Their profits have gone up phenomenally. Exxon made $2 billion in the last 3 months. Other companies have shown profits in the range of 40 percent. Unprecedented profits.

Of course, it is all a result of a corporate decision, knowing that we had had a very harsh winter, that if they deliberately reduced their reserves and knowing there was going to be strong demand, they would be able to push the price way up. Of course they can all get together and increase the price at the pump so that consumers pay for this increase, and boy, has it paid off. Look at the corporate executive of the six largest oil companies. Their stock options alone in the last 60 days have increased by $33 million. Unbelievable.

But should we really let the consumer pay for these profits? Of course not. To think that the consequences of their decision is going to be paid by consumers is unconscionable.

THE DO-NOTHING DEMOCRATS

(Mr. SCARBOROUGH asked and was given permission to address the House for 1 minute.)

Mr. SCARBOROUGH. Mr. Speaker, 50 years ago Harry Truman attacked the do-nothing Congress, and I think 48 years later Truman would be saying the same thing of the do-nothing Democrats.

Last year we got elected to do some very specific things. We got elected to provide a balanced budget, the first balanced budget in a generation. The do-nothing Democrats fault it. The do-nothing President vetoed it.

Now he is doing the same thing with the gas tax. We want a straight reduction to cut gas taxes. We are providing it. The do-nothing Democrats once again are standing in the way. The do-nothing Democrats once again are threatening a veto.

Talk about tax cuts, we provided tax cuts for middle-class families. The do-nothing Democrats fought it. The President vetoed a $500 per child tax cut. They increased taxes in 1993 on senior citizens up to 85 percent of their earnings. We offered relief. The do-nothing Democrats vetoed it.

Most importantly, I think, on Medicare, they know Medicare is going broke. We did something about it. The do-nothing Democrats vetoed it and shamelessly demagogued the issue, and are willing to throw the senior citizens out in the cold.

BUDGET RERUNS

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute.)

Mrs. KENNELLY. Mr. Speaker, yesterday the majority presented their budget for the next year. The press release from this body, we really could not tell what was in it. It was rhetoric. However, if we looked at the press release from the Senate, the other body, we saw some numbers so we could find out somewhat what was in the budget.

What I could understand is, it is a rerun of proposals that were vetoed by the President late last year and have no support by the American people.

One proposal in particular should deeply concern us. This budget proposes reducing the amount that States must spend on medical services for our Nation's poorest. This will set off a race to the bottom, one where no State wins by behaving responsibility and where the big losers in America are the poorest and the sickest.

We ought to be fighting to protect these people, not abandoning them. I worry about this year's budget now.

POISON PEN VETOES

(Mr. WELDON of Florida asked and was given permission to address the House for 1 minute.)

Mr. WELDON of Florida. Mr. Speaker, Bill Clinton was in high dudgeon yesterday at his press conference. This morning's Washington Times said it was ''An afternoon of flapdoodle and balderdash.'' That is probably an understatement.

Yesterday, Bill Clinton accused Republicans of using a poison pill.

Well, let's talk about Bill Clinton's poison pen.

Bill Clinton's poison pen vetoed the first balanced budget to a reach President's desk in a generation.

Bill Clinton's poison pen vetoed Medicare reform. Now, our grandparents risk seeing Medicare go bankrupt because of Bill Clinton wants to demagog the issue.

Bill Clinton's poison pen vetoed the $500 per child tax credit that would have help millions of struggling families make ends meet.

Bill Clinton's poison pen vetoed welfare reform. Not once, but twice. Millions of Americans will never know the dignity of work because Bill Clinton refuses to fix the failed welfare state. Instead of keeping his promises, Bill Clinton would rather use his poison pen to veto the wishes of the American people.

LESSONS NOT LEARNED

(Mr. MILLER of California asked and was given permission to address the House for 1 minute.)

Mr. MILLER of California. Mr. Speaker, last year the American public witnessed the Republicans shutting down the U.S. Federal Government so they could try and force the President of the United States to cut Medicare, to give tax cuts to the wealthy.

Apparently the Republicans have learned nothing from their repudiation by the American people of that budget because they are back again this year. They are back again today cutting over $168 billion out of Medicare, reducing the spending below the rate of inflation for senior citizens, which means that senior citizens will have less money to purchase the health care that they have today in the future.

What will they do with that money? Not repair the Medicare account. They are going to give that money in capital gains tax to some of the wealthiest people in this Nation.

That is what the country repudiated last year when they shut down the Government. That is what the country is going to repudiate this year, and senior citizen ought to understand that the Republicans are back, same old budget, same old ploy, and the same old cuts in Medicare to give tax cuts to the wealthy.

REPEAL THE GAS TAX

(Mrs. SEASTRAND asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SEASTRAND. Mr. Speaker, in 1993 President Clinton imposed the largest tax increase in American history on the citizens of this country. As

part of that increase, he raised the Federal gas tax 30 percent to pay for social programs and Washington bureaucracy.

This is the first time the gas tax had been raised to pay for these kinds of programs. It was to help improve our Nation's highways and mass transit systems, instead, President Clinton used it to finance his massive, ineffective, status quo social bureaucracy.

This is not only bad policy, it is wrong! While Republicans are fighting to lift the oppressive tax burden from America's shoulders, President Clinton and his congressional Democrats are adding to the weight. Yesterday, Republicans in the Senate tried to repeal the gas tax, but Democrats blocked their attempt. This is just another example of the Democrat attempt to protect their wasteful status quo social programs by bleeding the American people dry. Mr. Speaker, this must stop and we must start by repealing the gas tax.

BRAVO, MRS. WARD

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the IRS said Carol Ward of Colorado Springs was a cheat, a liar, a thief, and a big drug dealer. The IRS then posted those accusations on flyers and spread them around all over town. The IRS then seized her business, her son's business, and all her money.

But at trial Carol Ward was found to be innocent. Mr. Speaker, Carol Ward is now suing the IRS for $1 billion, $1,000 for each of those 1 million people that saw those fliers. Bravo, Mrs. Ward. And as far as the IRS is concerned, I hope Mrs. Ward kicks their assets all over Colorado.

Mr. Speaker, I yield back all the liability the IRS has in this case.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will remind all persons in the gallery that they are guests of the House and may not manifest any approval or disapproval of proceedings. It is a violation of the rules of the House.

INTRODUCING THE WORKING AMERICANS WAGE RESTORATION ACT

(Mr. NETHERCUTT asked and was given permission to address the House for 1 minute.)

Mr. NETHERCUTT. Mr. Speaker, we have heard many stories in this House over the past few weeks about the stagnation of wages and that America needs a raise. Last night I heard one of my colleagues on the other side of the aisle lament that real wages have declined 16 percent over the last 20 years.

Mr. Speaker, I agree that American workers need to take home more of their earnings to their families. Today I will introduce legislation to enable every worker to deduct on their income tax the money that they contribute to Social Security every payday. My bill, the Working Americans Wage Restoration Act, will increase the take-home pay of the average two-earner family by $1,770 per year.

While it does not affect the receipts of the Social Security trust funds in any way, this legislation will eliminate the unfairness to workers who must now pay tax on the 6.2-percent of their income that they contribute to Social Security.

I urge my colleagues on both sides of the aisle to support this legislation, which will give a much-needed boost to the hard working men and women of our Nation.

SAME OLD STORY

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I simply would like to tell my colleagues the story of ages past. Speaker GINGRICH: ''I would like to see Medicare wither on the vine.'' The majority leader in the Senate: ''I was there fighting, 1 of 12 to vote against Medicare in 1965.''

Now they have a new budget and the budget is the same old song, the same old story. What they want to do is to force hospitals to close by cutting Medicare. They want to make sure that our children who need preventive health care do not have it, and they are looking to close the nursing homes where many of our parents who worked so hard during their lives now need to have this care, the loving care that these homes provide, because of the cuts in Medicaid.

And, yes, what about Mrs. Jones, 74 years old? She has been going to the same physician for all of her life. Now the Republicans say, ''You cannot do that, Mrs. Jones. You are going into managed care.'' A prison, which will not allow our seniors choice for their medical care. What do we say now to Mrs. Jones?

Same old song. Cutting Medicare and cutting Medicaid. Giving the money to the wealthy. What do we hear from the Republicans? Anything new? No, the same old story, verse, and song.

WHO DROVE UP THE PRICE OF GASOLINE?

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, the question today is who drove up the price of gasoline. In May 1993 the Federal gasoline tax was raised 18.3 cents a gallon. That vote marked the third time in just over a decade that Congress increased the tax.

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Since December 1982, the Federal levy on gasoline has exploded 357 percent, even as the price of gasoline has trended steadily downward. Mr. Speaker, inventories were down because of the unusually long winter, a fire in California closed a Shell oil refinery, and Saddam Hussein's stubbornness in keeping 500,000 barrels a day of Iraqi crude oil have caused the price to go up.

But who in fact drove the price of gasoline up? I submit that Congress under Democrat control did by raising the gasoline tax. It is pretty clear who the people in collusion are. It is the people here in the Federal Government. The Federal gasoline tax was hiked in 1983. It has been hiked ever since, and we need to understand that the Democrat-controlled Congress is at fault.

SAME OLD BUDGET

(Mr. DOGGETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOGGETT. Mr. Speaker, the gentlewoman from Texas is right. It is the same old song. As the Four Tops would say, ''It's a different verse since you've been gone.'' That is what this budget is. The Republicans have come back, and they have taken their old last year's budget. What it did to seniors, what it did to schoolchildren, and they put a smiley face on it. But it is the same old bad budget.

Mr. Speaker, for months they have tried to undermine the Federal commitment to education. On Sunday, the majority leader of the Republican Party even suggested that we compensate for a revenue loss by cutting education. It is as if Marie Antoinette were telling the peasants let them eat cake, but he says to students in America, let them pump gas.

We need more opportunities in this country, not less. Is it any wonder that a Republican Party that cannot seem to learn its own lessons wants everyone else in America to pay more for learning.

THE GAS TAX

(Mr. FUNDERBURK asked and was given permission to address the House for 1 minute.)

Mr. FUNDERBURK. Mr. Speaker, when Bill Clinton ran for President he said ''I feel your pain.'' You know, he has a way with appearing emphatic and compassionate. But now, 3 years into his Presidency, Bill Clinton is now the source of a lot of pain that the American people feel.

In 1993, he and the liberals here in Congress, enacted the largest tax increase in history. Part of that tax increase was the 30-percent increase in the Federal gas tax. Every gallon that

Americans purchased is now 4.3 cents more expensive because of Bill Clinton and the liberal Democrats.

Yesterday was tax freedom day. And in honor of tax freedom day, Congress should repeal this regressive gas tax and let the American people keep more of what they earn.

Mr. Speaker, we know the President feels our pain, but the real question is, ''does he feel the gas tax pains?''

EDUCATION CUTS

(Ms. MCKINNEY asked and was given permission to address the House for 1 minute and include extraneous material.)

Ms. MCKINNEY. Mr. Speaker, I am no longer astonished by the lengths to which Republican leaders will go just to cut education funding. Monday's Washington Post reported that the Republican House majority leader favored cutting education in order to pay for a repeal of the gas tax. Now, that's audacious stuff coming from someone who used Government loans to get through school.

Mr. Speaker, the Republican leadership could have easily paid for a repeal of the gas tax by not giving the military $7 billion more that what it asked for in 1996.

In fact, what guarantee do we even have that the oil companies will reduce their prices once the gas tax is repealed?

Once again, Mr. Speaker, the Republican leadership has demonstrated that it is only interested in greasing the rigs of the oil companies, while giving the American middle class a Texas-sized wedgie.

I include for the RECORD the following article from the Washington Post of Monday, May 6, 1996:

ARMEY: CHEAPER FUEL VIA EDUCATION CUTS

(By Serge F. Kovaleski)

House Majority Leader Richard K. Armey (R-Tex.) yesterday suggested that the revenue loss from a repeal of the 1993 gasoline tax could be offset by cutting spending on education.

''Maybe we ought to take another look at the amount of money we are spending on education,'' Armey said on NBC's ''Meet the Press.'' ''There is a place where we're getting a declining value for an increasing dollar. It's in education.

''If in fact we can get some discipline in the use of our education dollar, I think we can make up the difference,'' Armey added.

The White House said yesterday that targeting education funds is not acceptable.

Reducing the federal 18.3-cents-a-gallon gasoline tax by 4.3 cents, as proposed by Republicans, would save the average motorist about $27 a year in taxes, but would reduce federal revenue by $30 billion to $35 billion over the next seven years, the White House estimates.

Senate Marjority Leader and presumptive GOP presidential nominee Robert J. Dole (Kan.), who has made repeal of the 1993 gas tax a focus of his campaign against President Clinton, plans to introduce legislation Tuesday to repeal the 1993 tax temporarily. The increase was part of the deficit reduction package that Clinton pushed through Congress in 1993 without a single Republican vote.

Under the Dole proposal, the tax would be rolled back through January 1997 and a permanent repeal would be considered as part of the budget for the fiscal year starting Oct. 1. Clinton has said he would be willing to consider scrapping the tax if Republicans found a fair way to make up the revenue loss.

But in a statement yesterday, White House Chief of Staff Leon E. Panetta called on Dole and House Speaker Newt Gingrich (R-Ga.) ''immediately and unequivocally'' to repudiate Armey's suggestion that education spending could be cut to finance a reduction in the gasoline tax.

White House economic adviser Laura D'Andrea Tyson, also interviewed on ''meet the Press,'' refused to say whether the President would sign a freestanding bill to kill the tax hike, but argued that any cut should be part of a balanced budget plan. ''It's going to be very hard for them to find $30 billion to $35 billion,'' she said.

Tyson stressed the White House would prefer tax reductions for education or a family tax credit or an IRA expansion rather than a gasoline tax cut.

Sen. Phil Gramm (R-Tex.), on ABC's ''This Week With David Brinkley,'' said the best way to offset the tax repeal would be to cut welfare benefits for legal immigrants, which would result in savings of about $14 billion a year. He also said Congress should not twin the gasoline tax repeal and a minimum wage increase, which Dole has suggested to appeal to Clinton and the Democrats.

Gingrich echoed that view in remarks on CBS's ''Face the Nation.'' He said the gas tax legislation would be a ''simple, narrow bill'' that would not be lined to the minimum wage issue. He said the House Ways and Means Committee would meet Tuesday to consider how to pay for the tax repeal. He did not embrace Armey's suggestion or reject it.

He said that Dole's ''proposal to repeal the gas tax increase has been generally pretty popular. I think it will pass by a big margin,'' giving Clinton ''a chance to sign it into law before Memorial Day so that Americans who drive over Memorial Day will pay slightly less for gasoline.''

The Clinton administration, however, said that wholesale prices are already going down after the President's decision last week to sell 12 million barrels of oil from the Strategic Petroleum Reserve.

Economists have noted that when the price of gasoline is adjusted for inflation, it is cheap by historical standards. In 1995 dollars, average gasoline prices are at 1991 levels but are well below where they were for most of the 1980s. The average national price for a gallon of unleaded regular gasoline at the pump is $1.273. That is also far cheaper than gasoline prices in most of the world. In some European countries gasoline is three times the U.S. price.

AGRICULTURE DEPARTMENT POLLING

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, last night on NBC's television program called ''The Fleecing of America,'' it was revealed that Clinton's Department of Agriculture has hired a political pollster for $33,000, our tax dollars, by the way, to go out and poll some political people, white Americans only. This particular pollster is known for polling for Democrat women. And so she went out and polled, in Kansas by the way, white Americans not Hispanics, not blacks but white Americans, in Kansas, the swing voters, to find out how they were feeling about the Food Stamp Program.

It just so happens that the House chairman of the Committee on Agriculture, the gentleman from Kansas, [Mr. ROBERTS], is running for the Senate against a female opponent in Kansas. But our tax dollars were being spent to find out what the Kansas public was thinking. How long is the American public going to put up with this? How long is the American public going to allow their tax dollars to be used for political purposes by this administration? I ask Secretary Glickman to ask Under Secretary Haas to resign.

INTRODUCTION OF THE NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT

(Mr. KLECZKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KLECZKA. Mr. Speaker, today, in honor of Mother's Day, I am introducing a bill to improve health protections for new mothers and their babies.

We have all heard the stories from mothers we represent about the difficulties and tragedies that can result from a too-early hospital discharge after childbirth. Providers concur that the first few days after delivery are critical to both the mother's and the infant's health.

The Newborns' and Mothers' Health Protection Act removes insurance mandates that restrict the length of postpartum care mothers and infants receive. The bill requires that health plans provide up to 48 hours of coverage for normal delivery, and 96 hours for caesarean section—the accepted recommendations of the American College of Obstetricians and Gynecologists and the American Academy of Pediatrics.

The proposal is designed to ensure that post-delivery care is based on the unique characteristics of each mother and her newborn child. Like the Bradley-Kassebaum bill that overwhelmingly passed the Senate Labor Committee, this legislation would return the length of stay decision to mothers and their health care providers. The bill does not impose a mandate, but rather, removes one, giving doctors more flexibility in meeting the needs of their patients.

All 15 Democratic Members of the Ways and Means Committee have joined me in introducing this important legislation. It is my hope that my Republican colleagues will join us in a bipartisan effort to pass these vital protections for newborns and their mothers.

GAS TAX INCREASE

(Mr. KINGSTON asked and was given permission to address the House for 1 minute.)

Mr. KINGSTON. Mr. Speaker, a lot of people think that the President has lost touch since he has flip-flopped so many times that maybe it has affected his head and his thinking. But it is not true. Bill Clinton still feels your pain.

In fact, Bill Clinton feels your gas pain. He even caused your gas pain, 4 cents a gallon, a 30-percent gas tax increase. That is about the price of a can of beans with every 10 gallons of gas, about a 40-cent difference.

So this summer, Mr. Speaker, what I say to middle-class Americans, when you are on vacation filling up your gas tank, spending that extra 40 cents, go ahead, buy the President a can of beans and send it to the White House. That way, not only will Bill Clinton feel your gas pain, but he can share in it as well.

THE BUDGET

(Mr. WYNN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYNN. Mr. Speaker, perhaps the previous speaker should also keep in mind the Dole dime that actually caused the taxpayers to lose more than a can of beans.

This morning I want to talk about the budget. Despite the headlines, this is in fact the same budget with the same flaws. Extreme deep cuts on the poor and the middle class to finance tax breaks for the wealthy.

What does this mean? It means that senior citizens and the poor are going to have a second class health care system. They are going to march up here in lockstep and try to tell us that we have to make these cuts to maintain the solvency of the Medicare system.

Please do not believe this hoax. The fact of the matter is, we do not need these deep cuts. The President's budget, other Democratic budgets give us the same level of solvency by the year 2006 as the Republicans do without making the deep cuts.

What do these cuts mean? They mean a loss of choice for seniors as to the doctors that they would go to. They mean that hospitals will close in rural areas because of deep cuts. And they mean children will go without health care.

As one of my colleagues said, it is basically the same old song.

MINIMUM WAGE

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, the President is pushing the minimum wage. As a business person who runs a business, I know that business has been eating raw material cost increases for years. Unable to increase prices, business has been needing a reason to raise those prices. Along comes the minimum wage. Watch prices. Inflation can eat the value of a wage increase in nothing flat.

Who are we kidding? The minimum wage increase is straight politics.

GAS PRICES

(Mr. FAZIO of California asked and was given permission to address the House for 1 minute.)

Mr. FAZIO of California. Mr. Speaker, everybody knows that gas prices are rising, but if you think you have got trouble, you ought to look at what the people in California are facing: in Sacramento, $1.54 a gallon; in San Jose, $1.79; in Santa Barbara, $2.19 a gallon. That is right. Here in the District of Columbia, it is only $1.39 on average; nationally, $1.27.

Clearly, we have a bigger problem in our very isolated gasoline market on the west coast. We have 10 percent of our refineries down and out of commission. We have the added costs of newly reformulated gasoline.

Sure, something needs to be done, and we can help by repealing the 4.3 cents gas tax increase, but what are we going to do to guarantee that that money actually finds its way into the pockets of consumers? That is $30 billion the consumers need back.

Our Republican friends have shown no inclination or ability to make that happen. They simply are going to be feathering the nests of the major oil companies in this country.

ROLL BACK THE CLINTON GAS TAX

(Mr. LEWIS of Kentucky asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. LEWIS of Kentucky. Mr. Speaker, back in 1992, candidate Bill Clinton said, I oppose Federal excise gas tax increases. But in 1993, President Clinton enacted the largest tax increase in our Nation's history. And buried in that tax package was a $4.8 billion increase in the gas tax.

Mr. Speaker, the American people are realizing the cruel effects of the Clinton gas tax right now. As Americans plan for the busiest travel season of the year, gas prices are soaring all over our Nation. The Clinton crunch is hitting our wallets hard.

Mr. Speaker, Republicans are committed to rolling back the onerous Clinton gas tax. We want to reverse the tide of the Clinton crunch and not only help people earn more but help people keep more of what they earn.

The Clinton tax gas is a regressive tax that hurts all motorists, rich or poor. It is time to repeal the Clinton gas tax.

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AT LEAST REPUBLICANS ARE CONSISTENT

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, it is deja vu all over again. Although it is early for summer reruns, the Republicans yesterday released their budget, which is a rehash of the document that the American public resoundingly defeated and rejected in 1995. It has the same identical budget priorities, drastically cuts the amount of money spent on health care for seniors, a $168 billion cut in Medicare, the potential for hospitals to close across this country.

The Republicans cut Medicare once again, and they propose tax benefits for the wealthy. The money that they propose to cut does not go into the Medicare trust fund, but it goes to pay for the tax increases; the prescription that caused the outcry last year, that caused them to retreat from this issue. But you have to admire their consistency; they are back here again with the same priorities, and that is because their budget is the consequence of their values, of their priorities, and their willingness to do harm to the American people, and they are sincere in wanting to do harm to working men and women in this country.

Mr. Speaker, the American people want a government that is on its side, not the side of special interests.

HOUSING AUTHORITIES SHOULD BE CONSULTED

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, Members of the House, fairly shortly now we will be resuming the debate on the housing bill that is before the Congress, and one element of that requires our attention. Whether or not the Brooke amendment of the past will obtain for the future depends on what we do here today.

There is a resource that we have back at home that we ought to take advantage of in making up our minds as to how to finally vote on this measure, and that is the members of the authorities, the housing authorities, that have the responsibility and the initiative to deal with these problems on an everyday basis. They have to consider the tenants, the low-income status of those tenants, the problems of drug dealers on the premises, the costs of overhead, a thousand different problems that we do not consider when we vote on the larger questions that are involved. I believe that we ought to call our authorities' people and find out how they think on these matters.

DO NOT CUT MEDICARE

(Mr. LEWIS of Georgia asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Georgia. Mr. Speaker, Mother's Day is almost here, and I have some bad news for my mother and many others. The Republicans have a new budget, and they still cut Medicare. They still want Medicare to wither on the vine.

There they go again, Mr. Speaker. In the Republican Medicare budget, they divide the elderly. They give Federal dollars over to insurance companies for the healthy and the wealthy. Then they want the Federal Government to pay for the sick and the poor.

They offer medical savings accounts to healthy seniors. So, they can use money from the Federal Government—to buy a car or take a vacation. That does not made sense. That will not help the budget or our seniors.

I call on my Republican colleagues to give us a better budget. We should not cut Medicare to pay for tax breaks for the wealthy. We should not destroy Medicare in the name of saving it.

Don't cut Medicare.

IT IS A MISTAKE TO RAISE THE MINIMUM WAGE

(Mr. SMITH of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Michigan. Mr. Speaker, we have been talking about minimum wage and the desirability for low-income wage earners to earn more money. Of course, it is right. Raising low wages appeals to the sense of decency and compassion of Americans. But it would be a mistake.

We have a system of allocating resources in this country called the free enterprise system. It has worked very well for this country. It has made ours the greatest country on Earth. Increasing the minimum wage would impose significant costs primarily on unskilled Americans because the minimum wage is going to deprive some of those Americans from access to an entry-level job.

I ask the liberal labor union bosses if they are sure this is the way they want America to go. If employers cannot afford to pay the increase in minimum wage, then what are they going to do? They are either going to go out of business or they are going to respond by reducing hours, reducing benefits or paying less frequently.

In conclusion, I want to give my colleagues a quote from George Washington, a great man. George Washington said:

> If, to please the people, we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and honest can repair. The rest is in the hands of God.

CHILDREN AND THE ENVIRONMENT

(Ms. ESHOO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ESHOO. Mr. Speaker, last week I received this letter from Judi LeVine's kindergarten class at Arundel School in San Carlos, CA. It is really a plea from her students for Congress to save the environment, especially our rain forests, and our animals, our endangered species.

Even 5-year-old children can see the value in conserving our natural resources. Yet Republican leaders in Congress seem unable to grasp the need to preserve our environment for the next generation.

The parents may send us to the Congress; they are the ones that cast the votes. But the children are the ones that we need to remember as we shape their future. It is their future that we are shaping, and we should never lose sight of that. Because the opinion of the American people has weighed in and has forced the GOP leaders to abandon some of their destructive attacks on endangered species and wilderness areas, we must never let our guard down against similar assaults.

So to all the kids at the school, I have gotten the message. I hope the rest of the Congress has.

RESTRICT PENSIONS FOR CONVICTED FORMER MEMBERS OF CONGRESS

(Mr. DICKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKEY. Mr. Speaker, according to the National Taxpayers Union, the citizens of this country will pay out in 1996 over $600,000 in pensions to convicted former Members of Congress. What kind of message is this to send out to the taxpayers, farmers, miners, all the workers, about how our Government operates?

H.R. 3310 would restrict Members and former Members of Congress from receiving congressional retirement benefits if convicted of a felony which occurred while serving in the public trust. The bill would serve to punish Members who have taken advantage of the faith of the people who have placed upon them and Members involved in activities unrelated to official duties. Perhaps no other bill than H.R. 3310 will better indicate that this Congress is willing to change the way we do business.

I urge all of my colleagues to consider the provisions of H.R. 3310.

RESPONSIBLE DEFICIT REDUCTION WITHOUT UNREASONABLE CUTS IN EDUCATION

(Mr. GENE GREEN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GENE GREEN of Texas. Mr. Speaker, last year the Republican majority overreached by planning to cut Medicare by $270 billion and offering $245 billion in tax cuts, and when they did not get their way, they shut the Government down. They realized that they were out of step with the American people and the Medicare trustees who said that we only needed $90 billion in cuts or downsizing, that is all that was needed to keep Medicare solvent.

Mr. Speaker, I am pleased to know that they are moving in the right direction now. Their new budget only calls for $168 billion in cuts, but they still are not quite there yet. I still believe we should continue to do the financially responsible thing by reducing the deficit. If we count the capital gains tax cut and the 4.3-cent gas cut that they want to do, then that adds up to $176 billion, which adds up close to the $168 billion they want to cut out of Medicare.

We have reduced the deficit 4 years in a row and will continue to do so, unlike the huge Federal deficits that were run up during the 1980's. We can continue down the road of responsible deficit reduction without the irresponsible cuts in Medicare and education.

REPUBLICANS COMMITTED TO FUTURE GENERATIONS

(Mr. FOLEY asked and was given permission to address the House for 1 minute.)

Mr. FOLEY. Mr. Speaker, there they go again, distorting the record. This Republican Congress increases the spending on Medicare each and every year for the next 7 years. We increase it over $305 billion. This Congress is committed to the senior citizens of America, but we are also committed to the future generations.

We are $5 trillion in debt, my colleagues, $5 trillion, costing us $300 billion, $300 billion in interest payments alone that could go to critically needed programs if we would get our fiscal house in order.

It is easy for the other side to make accusations, but this Republican Congress has been steadfast in its determination to balance the budget. We have done it with real numbers, honest numbers, addressing the American public's desire for reform of government. We have been in the forefront of that debate, and to be criticized for cutting Medicare once again by the other side is a lie, is a sham, and is distasteful and disgraceful on behalf of the minority party.

PERMISSION FOR ALL COMMITTEES AND THEIR SUBCOMMITTEES TO SIT FOR TODAY AND THE REMAINDER OF THE WEEK DURING THE 5-MINUTE RULE

Mr. ARMEY. Mr. Speaker, I offer a privileged motion and ask for its immediate consideration.

The SPEAKER pro tempore (Mr. LAHOOD). The Clerk will report the motion.

The Clerk read as follows:

Pursuant to clause 2(I) of rule XI, Mr. ARMEY moves that all committees and subcommittees of the House be permitted to sit for today and the remainder of the week while the House is meeting in the Committee of the Whole House under the 5-minute rule.

The SPEAKER pro tempore. The gentleman from Texas [Mr. ARMEY] is recognized for 1 hour.

Mr. Speaker, I yield myself such time as I may assume.

Mr. ARMEY. Mr. Speaker, again we have a good deal of work to be done in the committees as well as some important work here on the floor, and I make this request of the House out of consideration for the committees continuing their work. I appreciate the gentleman's effort.

Mr. Speaker, is the gentleman asking me to yield?

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. ARMEY. Mr. Speaker, for purposes of debate only, I yield 5 minutes to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. I thank the gentleman for yielding the time. I know his general parsimony when it comes to minimums, so I appreciate the 5 minutes. It is in keeping with his overall approach.

What we have here is one of the opening phases of the 1996 Presidential campaign. It is a Presidential campaign, the Republican campaign, which is not going sufficiently well on its own for the Republicans to conduct it in the normal way. So the House of Representatives is being enlisted into the Republican Presidential campaign. To the aid of a faltering campaign comes now the machinery of the House in a very unfortunate way.

Mr. Speaker, the request is made so the Committee on Government Reform and Oversight can vote an extremely unjustified, unprecedented, unfair, and dangerous contempt citation for the President's counsel.

We have had a number of ongoing investigations which the Republicans are conducting. They are spending enormous amounts of money for very little purpose. Well, I take it back; they have a clear purpose: election of a Republican President. They are spending enormous amounts of money for very little concrete result.

What they now want to do is to change the subject on the travel investigation from the merits to a refusal by the administration to exceed to requests that should never have been made that are unfair and that the House itself would not respond to. And I think we should be very clear. We will be discussing this further.

They are going to cite the counsel of the President for contempt for refusing to release documents to the Republican campaign effort on that committee when they would not release similar documents, and we are going to have a test of this because we are working now on some resolutions, and if in fact the House is going to say these types of documents must be made public.

What are they? They have to do with information that would be relevant to a grand jury; they have to do with things that deal with lawyers, the independent counsel, the wideranging independent counsel who have also again come up with nothing damaging to this administration, as they have been cooperating with him.

They have to do with communications between executive branch and Members. The White House is being threatened with contempt if they do not turn over for public discussion memorandums conversations, and comments between Members of this body and the White House.

Mr. Speaker, if that is the standard, if the standard is that we will subpoena and then make public those kind of documents, let us apply it to ourselves. If we are going to threaten contempt against the counsel for doing his duty in a conscientious way, then let us understand that is the standard by which we will make documents available.

When the Republican leadership sends out a memorandum to other Republicans and says, ''Come find some scandal. Have you got any scandal? Have you got any bad news about anybody,'' we will, I guess, ask that that be made public.

□ 1045

If there are memorandums that have existed and letters, phone call conversations that are recorded between the Republican leadership and that committee, what is the strategizing? Yes; there have been conversations between the White House and the Travel Office, I have had some myself, between the White House and Congress about how to respond to some of these things. There have been similar conversations between the leadership of the committee and the Republican leadership, maybe the Republican National Committee. Let us have those out there. This is the most one-sided and blatant misuse of the subpoena power we have seen. I would simply say, if in fact that is the standard, let us make the standard uniform.

Mr. GEJDENSON. Mr. Speaker, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from Connecticut.

Mr. GEJDENSON. Mr. Speaker, this pattern is going across committees. Apparently the gentleman from Iowa [Mr. NUSSLE] and the gentleman from Pennsylvania [Mr. WALKER] instructed committee chairmen to use their government-paid positions for the political purpose which the gentleman said a second ago of trying to help the faltering Dole campaign.

We have seen the same things in the Committee on Foreign Affairs. The Secretary of State told the chairman of the committee that two Ambassadors, our Ambassadors in Europe, would be happy to come by and testify before the committee, one of five or six committees that they want them to come back for. If it takes them a day to get here, or takes a half a month to do it, it is the same thing.

Mr. FRANK of Massachusetts. That is the same point. If in fact discussions between Members of the House and the executive branch about how to deal with some of these issues, if that is to be subpoenaed and made public, then comparable documents on this side will be. I predict that we will see a very one-sided application of this principle.

Mr. ARMEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just remind the body that oversight is a duty of the Congress of the United States. We have all read about it in our high school history books and political science books as checks and balances. It must be done. It is not an option. It is what we are asked to do as an institution.

The gentleman from Pennsylvania [Mr. CLINGER], even as a minority member of this committee, asked for this information 3½ years ago. It was denied by the majority in the committee at that time. Subpoenas were issued for this information in January of this year. The White House has not been forthcoming, and the action will be taken in the committee with those.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas [Mr. ARMEY].

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FRANK of Massachusetts. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 182, not voting 21, as follows:

[Roll No. 155]

YEAS—230

Allard	Bryant (TN)	Crane
Archer	Bunn	Crapo
Armey	Bunning	Cremeans
Bachus	Burr	Cubin
Baker (CA)	Burton	Cunningham
Baker (LA)	Buyer	Davis
Ballenger	Callahan	Deal
Barr	Calvert	DeLay
Barrett (NE)	Camp	Diaz-Balart
Bartlett	Campbell	Dickey
Barton	Canady	Doolittle
Bass	Castle	Dornan
Bateman	Chabot	Dreier
Bereuter	Chambliss	Duncan
Bilbray	Chenoweth	Dunn
Bilirakis	Christensen	Ehlers
Bliley	Chrysler	Ehrlich
Blute	Clinger	Emerson
Boehlert	Coble	English
Boehner	Coburn	Ensign
Bonilla	Collins (GA)	Everett
Bono	Combest	Ewing
Brewster	Cooley	Fawell
Brownback	Cox	Flanagan

Foley
Forbes
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martinez
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (FL)
Zeliff
Zimmer

NAYS—182

Abercrombie
Ackerman
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Borski
Boucher
Browder
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Wilson
Woolsey
Wynn
Yates

NOT VOTING—21

Andrews
Brown (CA)
Chapman
de la Garza
Farr
Fields (TX)
Fowler
Goodling
Hefner
Houghton
Kaptur
Laughlin
Molinari
Paxon
Pomeroy
Schroeder
Torricelli
Weldon (PA)
Williams
Wise
Young (AK)

□ 1108

Mrs. CLAYTON and Mr. SPRATT changed their vote from ''yea'' to ''nay.''

Messrs. MANZULLO, WELLER, and HALL of Texas changed their vote from ''nay'' to ''yea.''

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

UNITED STATES HOUSING ACT OF 1996

The SPEAKER pro tempore. (Mr. LAHOOD). Pursuant to House Resolution 426 and rule XXIII, the Chair decalres the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2406.

□ 1109

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2406) to repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes, with Mr. GUNDERSON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, May 8, 1996, title II was open for amendment at any point.

Pursuant to the order of the Committee of that day, debate on each amendment, and any amendment thereto, shall be limited to 10 minutes, equally divided and controlled by the proponent and an opponent, with the following exceptions:

Amendment No. 7, as modified, by the gentleman from Massachusetts [Mr. FRANK] for 60 minutes; amendment No. 17 by the gentleman from Massachusetts [Mr. KENNEDY] for 60 minutes; amendments Nos. 33 and 34 by the gentlewoman from New York [Ms. VELÁZQUEZ] which may be considered en bloc for 20 minutes; amendment No. 22 by the gentleman from Indiana [Mr. ROEMER] for 20 minutes; and amendment No. 8 by the gentleman from Arizona [Mr. HAYWORTH] for 20 minutes.

Are there any amendments to title II?

AMENDMENT NO. 7, AS MODIFIED, OFFERED BY MR. FRANK OF MASSACHUSETTS

Mr. FRANK of Massachusetts. Mr. Chairman, pursuant to the unanimous-consent request of last night, I offer an amendment, as modified.

The CHAIRMAN. The Clerk will designate the amendment, as modified.

The text of the amendment, as modified, is as follows:

Amendment No. 7, as modified, offered by Mr. FRANK of Massachusetts:

Section 225(a) of the bill (as amended by the manager's amendment), strike paragraph (2) of such section and insert the following new paragraph:

''(2) LIMITATION.—Notwithstanding any other provision of this subsection, the amount paid by a family for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income.''.

Section 322(a) of the bill (as amended by the manager's amendment), strike paragraph (2) of such section and insert the following new paragraph:

''(2) LIMITATION.—Except as provided in paragraph (3) and notwithstanding any other provision of this subsection, the amount paid by an assisted family for monthly rent for an assisted dwelling unit may not exceed 30 percent of the family's adjusted monthly income.''.

Section 352 of the bill (as amended by the manager's amendment), strike subsection (a) and insert the following new subsection:

''(a) UNITS HAVING GROSS RENT EXCEEDING PAYMENT STANDARD.—In the case of an assisted family renting a dwelling unit bearing a gross rent that exceeds the payment standard established under section 353 for a dwelling unit of the applicable size and location in the market area in which such assisted dwelling unit is located, the amount of the monthly assistance payment for housing assistance under this title on behalf of such family shall be the amount by which such payment standard exceeds the lesser of (1) the resident contribution determined in accordance with section 322(a)(1), or (2) 30 percent of the family's adjusted monthly income.''.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Massachusetts [Mr. FRANK] and a Member opposed will each control 30 minutes.

Does the gentleman from New York wish to control the time in opposition?

Mr. LAZIO of New York. Mr. Chairman, I will be controlling the time.

The CHAIRMAN. The gentleman from New York [Mr. LAZIO] will control 30 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. GUTIERREZ], one of the coauthors of the amendment.

Mr. GUTIERREZ. Mr. Chairman, I rise to strongly urge my colleagues to

support the amendment that I am offering today with my friends and colleagues, Mr. FRANK and Mr. HINCHEY.

This amendment is truly very simple.

And yet, as simple as this amendment is, I strongly believe that its approval is critical to Americans who depend on public housing.

If this Congress has any interest in preserving its commitment to providing decent, affordable housing to Americans who need it most, passage of this amendment is a critical step.

Our amendment places a cap of 30 percent of total income as the amount a public housing resident or family can spend on rent.

In addition, our amendment allows local housing authorities the flexibility to allow residents to pay less than 30 percent of their income for rent.

And this flexibility is critical. Because it gives local housing authorities a greater ability to reach a goal that is important to all of us who care about public housing.

The ability to encourage residents of mixed incomes to live in public housing and not create a disincentive to earning more money.

But without this amendment, we do nothing more than create a situation where people who need housing most will not be able to afford it.

Under the current language of the bill, families in public housing will have no protection against financially debilitating rent increases.

Let me be clear.

This bill does not raise the income cap to 35 percent. It doesn't push the cap all the way up to 40 percent. It doesn't take the extreme step of allowing the cap to skyrocket to 50 percent of your income.

This bill eliminates the cap.

And that is little different from eliminating our commitment to public housing.

We cannot pretend in this House to care about providing quality housing to Americans if we are completely willing to disregard whether that housing is affordable.

Affordability is the heart of America's commitment to public housing.

Unless the Frank-Gutierrez amendment is passed, that heart is cut out. And we abandon our commitment to providing quality public housing that the people who need it most can afford.

Now, some of my colleagues might simply say, ''what rent increase? There is nothing in this bill that requires local housing authorities to raise the rent of public housing residents.''

Don't be fooled by that argument. This bill allows local housing authorities to charge whatever they feel is necessary to stay within their budgets. And what has this Congress done to the budgets of housing authorities?

Well, we have just cut the operating subsidies by $100 million. By $100 million.

Let me recap. We have taken away $100 million—$100 million that was essential to keeping rents affordable. And now my colleagues suggest that we should tell them that the sky is the limit on rent increases.

I do not think it takes a detective to uncover where the extra money is coming from.

It is going to come from the people who can least afford it.

I urge my colleagues do not force this economic hardship on Americans who rely on public housing. Paying 30 percent of your income on rent is hardly a giveaway, hardly a free ride.

I strongly believe that 30 percent is a fair and reasonable contribution of a family's income.

Thirty percent is logical; in fact it basically follows the guidelines that lenders use in deciding how much a family can afford to spend on their mortgage.

Most lenders don't want families to spend more than 28 percent of their income on their mortgage. 28 percent—for people who can afford to own their home. Yet, incredibly, this bill proposes no cap at all for people who can barely afford to make ends meet.

A fundamental goal of public housing is that it gives residents an opportunity to live in safety and dignity—and ease their financial burdens.

If we ask those very people to pay 32, 35, 40 percent of their income just to meet their housing expenses, the government is not easing the burden of public housing residents—it is imposing a burden on public housing residents.

Instead of helping to light a path toward a better future, we are setting hurdles in the way.

Let's be clear. We are talking about a population that will be affected by even a slight increase in out-of-pocket expenses for housing.

Quite simply, most of the people who will be facing a rent affected by this increase do not have the money to pay for their increase.

We are talking about Americans with very, very modest incomes.

How modest?

The average annual income of public housing tenants is $6,400—$6,400. And this bill suggests that they somehow have the ability to pay more for rent.

They do not. And yet we have created a bill that will give them very few alternatives.

They will have some alternatives.

Move to worse, substandard, dangerous housing. Or have no housing at all.

My colleagues who support this bill are right about one thing—public housing residents deserve better than they are receiving now.

They deserve a commitment to safer, better quality housing.

Congress has not been very good about keeping that commitment. But they also deserve to have decent housing they can afford.

This Congress should honor that commitment as well.

We can honor that commitment by passing this amendment and protecting the economic security of public housing residents.

I hope my colleagues will say yes to that vital commitment.

□ 1115

Mr. LAZIO of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let us begin by talking about what this amendment is not about. It is not about protecting seniors, because they are protected in the bill. It is not about protecting the disabled, because they are also protected in the manager's amendment. It is not about protecting the poorest of the poor, because they too are protected precisely the same way that my friends from the other side of the aisle are arguing need to be protected.

What we are talking about is whether we will keep an amendment, a provision of the law, that has proven to be a job killer, a work incentive, whether we are going to continue on the path of creating warehousing for the poor.

The gentleman from Illinois lives in a city where State Street exists, a public housing development 4.5 straight miles of 19-story buildings, 99 percent unemployment, universal despair.

We are talking about creating an environment where people begin to have hope, where there is mixed income, where there is role models, where people can talk to somebody next door who has a job, who may know about another job available.

We are talking about transforming people, not warehousing people. The Brooke amendment has had the effect of warehousing people. It has led to a disastrous mix in terms of income. It has led to a huge disincentive to work.

If you do not believe me, Mr. Chairman, listen to some of the people who are doing this hands on, the public housing authorities themselves. The National Association of Housing and Redevelopment Officials says, ''The Brooke amendment, which limits the amount of rent a resident pays to 30 percent, is a disincentive to work, encourages fraud, and offers local housing authorities with little flexibility to reward working households.''

This is an antiwork provision. It actually raises rent on those people who decide to work.

The Public Housing Authorities Directors Association says, ''To base rents solely on income has proved disastrous over recent years.'' Disastrous.

These are the people with hands-on experience. What we are talking about is thinking out of the box. What we are talking about is letting housing authorities fix rents just like the rest of the world operates. If the housing authority says this particular unit is $50, is $75, a resident knows that if they work overtime, if they get a better job, if they earn more money, they can keep that money. They are not going to be subject to a one-third tax the minute they go to work, which is exactly what this Frank-Gutierrez

amendment does. It is precisely what it does.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. The amendment that I have offered puts an upper limit of 30 percent, but does not at all require any increase.

Mr. LAZIO of New York. Mr. Chairman, reclaiming my time, but that is exactly what is going to happen. The amendment that the gentleman from Massachusetts is offering, which suggests that housing authorities can set rents at up to 30 percent of income, will create not just a floor, but a ceiling. Housing authorities will continue to set rent based on income. That is the problem.

If we had to pay 30 percent of our income in rent, I guarantee you, this place would not be voting for it. But because we do not have to live in those places and we do not have to live with this, it becomes very easy rhetorically to say we are so incompassionate, because we are protecting the poor. That is nonsense. It is not serving the very people that these people purport to represent.

Let me just say again, Mr. Chairman, that this has been a work disincentive. We are in fact protecting almost 90 percent of the current population in public housing. We are trying to create an environment where people can transition to work, where work ethic is rewarded, where there is mixed income, there is hope, there is opportunity. The Frank amendment would destroy all those things. It would move us back into the past. It would reclaim the situation that we have in State Street of 4.5 miles, where there is 99 percent unemployment for 10,000 Americans. We cannot condemn 10,000 Americans to another 30 years of failed policy.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

The gentleman has shown how indefensible his amendment is by absolutely misrepresenting its substance. The amendment I have goes back to the pre-1981 days. It sets a 30-percent limit. It does not require an increase.

The gentleman's argument, be clear, here is what he says: If you tell housing authorities that they can charge no more than 30 percent, but less if they want to, they will charge more than if you tell them they can charge 40 or 50 percent.

His amendment says the housing authorities can raise the rents on these working people to whatever level you want. Our amendment says set whatever level you want, but in no case above 30 percent. In fact, there is one group of people who get the 30 percent protection, and that is people on welfare under his version.

So he singles out working poor people in housing and he protects them by taking the cap off their rent. There is absolutely nothing in the amendment we are offering that requires, encourages, pushes, urges, an increase in the rent. All we say is a cap.

When a 30-percent limit on what you can charge someone is transmogrified into raising the rents, as opposed to allowing them to go higher, you see how logically indefensible the gentleman considers the amendment to be.

Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. BLUTE].

Mr. BLUTE. Mr. Chairman, I rise in support of the amendment to restore the so-called Brooke amendment. Before I discuss the merits of this amendments, let me first address the bill as a whole and the exemplary job my good friend from New York, Mr. LAZIO, and his staff have done on this legislation.

The Department of Housing and Urban Development is perhaps the one segment of the Federal Government that needs reform the most. Most of the current housing policy is based on the U.S. Housing Act of 1937, reflecting the needs of a different era.

Chairman LAZIO was faced with a very significant challenge at the outset of this Congress, and I commend him for his perseverance and commitment to bring sanity to public housing policy. He literally has traveled around our great country searching for answers to the problems of housing our citizens.

However, Mr. Chairman, I do have one area of very serious concern with this legislation. While I believe housing authorities ought to be given more flexibility in operating their developments, I do believe the need still exists for the Federal Government to provide certainty when it comes to the level of rent.

In 1969, in response to an increasing inability of public housing tenants to afford their rent, the former distinguished Republican Senator Ed Brooke of Massachusetts remembered advice given him by his father. This advice was that an individual should not pay more than 25 or 30 percent of their income on housing.

This is still a widely accepted rule of thumb today, and most of us live by this rule. I have visited housing units all over my district, places like Great Brook Valley in Worcester, MA. I have spoken with people like Wanda Alvarado, a single parent struggling to raise her two children and to improve their standard of living. They and many others are concerned that repeal of the Brooke amendment or alteration of the Brooke amendment would lead to significant rises in their rent.

Therefore, I rise in support of the amendment that would restore the Brooke amendment. This amendment would simply ensure that low-income families would not pay any more than 30 percent of their income on their rent. These families are some of the poorest in America, and I urge my colleagues to support this amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from Louisiana [Mr. BAKER], a member of the Committee on Banking and financial services and a very active member of the Subcommittee on Housing.

Mr. BAKER of Louisiana. Mr. Chairman, I thank the gentleman for yielding me time, and certainly want to commend him for leadership in this most difficult issue and all issues relating to reform of housing in America.

But this is not just a debate about the Brooke amendment. It is not just a debate about the necessity to repeal the one-for-one requirement or to do something with the admissions or eviction processes, or just about education and job skills, necessities in public housing, or even just public housing. It It extends to what is known as the section 8 based project assistance. It is all of this, and more, regrettably.

We must look not just at the specific issue before us this morning in the Brooke amendment. We must look at the effects, the consequences, of the aggregate of these legislative remedies, which although well-intentioned, have led us down a long, dark road.

It is unfortunate, but all we can conclude when we look at the inventory of housing provided by our Nation today to the working poor of America, you can only reach one conclusion. It is sad, but the U.S. Government is the world's largest slum landlord. We must change that. How can this be?

Mr. LAZIO of New York. Mr. Chairman, will the gentleman yield?

Mr. BAKER of Louisiana. I yield to the gentleman from New York.

Mr. LAZIO of New York. Mr. Chairman, the gentleman has a photograph next to him that I believe is in his neck of the woods. Is this the situation the gentleman is referring to?

Mr. BAKER of Louisiana. Mr. Chairman, reclaiming my time, only one among many. But this is the answer to how can this be. When one drives just a short distance from my home, in a bus, goes down to the Desire Street Housing Project, built in the 1950's, now on a Superfund site, surrounded on all sides, with one way in and out over a railroad track, 1,800 units now occupied by 400 individuals, not aggregated one locale, but spread out throughout 1,8000 units, unprotected. The employees do not have two-way communication. If something happens, as it did one week before I went when a 15-year-old child was killed on the doorstep of his unit over rival drugs wars, over sales territory, I went upstairs and talked to the 80-year-old lady who lived in that building by herself and said, ''Ma'am, is there anything I can do to help you?''

She did not know who I was, nor did she care. She said, ''Come with me a minute.'' Her unit was well kept. It was the only one in 16 units in that building. It was not just rundown, depreciated, and worn out. There were no walls, there were no floors. There were

dogs and cats running through the bottom area.

She walked up those steps every night by herself, locked herself in the room, and she said, ''There is one thing I would like you to do for me, if you might.'' And she took me into the restroom and showed me the large gap in the wall above the shower stall.

She said, ''At night when I try to take a bath, the roaches come down the wall. It bothers me just a bit.'' How would you feel if that was your grandmother?

Now, here is the real problem. If that were just the only issue, if it was just the fact there was not a sufficient amount of money in the bank to solve this problem. Desire has, the Housing Authority of New Orleans, this morning has $200 million in their account to spend for renovation.

I called the GAO. I said, ''Look, guys, tell me what is going on. I am really worried about this, because not only is it a waste of taxpayer money, look at the conditions in which these people have to exist.''

I got this back, dated May 1996. I know it is a little old, but we will use it anyway. When I flipped through the pages, there is a summary of the history. Secretary Cisneros wrote Leon Panetta a letter 2 years ago saying, ''Mr. Panetta, we have to do something about this circumstance. It is dismal. It is not fit for human habitation.'' This report dated May 1996 says the circumstances today are unfit for human habitation.

I have a letter from employees. I have a letter from occupants, saying ''Please, get us out of these circumstances. It has got to come to an end.''

What effect does the Brooke amendment have on this circumstance? What effect does one-for-one have on this circumstance? Concentration issues. The Desire Street Housing Project is an example. Ninety percent of the occupants are single, poor, women with children, without education.

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Now, if we are going to do something about the problems, we have got to turn that around. We have got to have those kids in an environment where they see dads going to work and where there are children playing in the yard. We have to turn this around.

It is not just a question of the poorly run disasters like Desire in New Orleans. And, by the way, I intend to ask the Secretary of HUD to seize control and take it away from the city and given those people a chance for real hope and opportunity, because we can do it.

There is more vacant housing in New Orleans than there are people on the waiting lists if you bulldozed Desire. That is incredible to me. By the way, when I first got involved in this they were going to spend $71,000 per unit to renovate on this Superfund site. The most recent plan, after I objected, calls for them to spend $130,000 per unit. I am really doing a good job. Mr. Chairman, we have got to get a grip.

What about the well-run public housing. I called Baton Rouge. I said, ''Guys, what is going on?'' We had a big debate about the number of people on the boards that govern public housing. I said, ''Tell me how you run it.'' They have seven members, two are residents. Tell me who the other bad guys are that are making the terrible public policy. Well, we have a realtor. I am sure that is the problem. We have a doctor from Southern University. A former Secretary of Health and Human Resources is on the board. We have a volunteer coordinator at a public hospital. We have a Methodist minister. He has got to be the one that is driving these poor people into these poor conditions.

I said, ''How much do they make to serve on the public housing boards and do all of this damage to the poor people of America?'' Nothing. No reimbursement, no per diem, no travel. It is 100 percent volunteer. These people are performing a public service to try to help the poor of Baton Rouge.

Mr. Chairman, these people have asked for the ability to govern their housing authorities. Take off the Brooke amendment. Help us govern and help people who want to help themselves. Let us get a population mix in public housing that reflects what is going on in America. Let us give these people something more than decent housing. Let us give them some hope; the belief that they can be a part of America and not be locked up in a multistory, 1,800-unit complex on top of a Superfund site with nothing but drug dealers at their front door. It is ridiculous. It has got to change.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, that was a very interesting speech; I just do not know what amendment it was supposed to be relevant to since it obviously does not affect ours.

Mr. BAKER of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from Louisiana, although he would not yield to me.

Mr. BAKER of Louisiana. Mr. Chairman, I regret that. If I had had more time, I would have.

Mr. FRANK of Massachusetts. Mr. Chairman, reclaiming my time, the gentleman had 6 minutes. Who is he kidding?

Mr. BAKER of Louisiana. Mr. Chairman, if the gentleman would continue to yield, I was talking about the amendment of the gentleman from Massachusetts, and the results of it and others in the concentration of poor people.

Mr. FRANK of Massachusetts. Mr. Chairman, reclaiming my time, we just got it. The gentleman was talking about ''it and others.'' The gentleman was talking about things unrelated. The only relevance of the Brooke amendment to his story was that poor woman that he was talking about under the Brooke amendment, that if they wanted to they could raise her rent. That is how the gentleman gives hope, raising their rent.

Mr. Chairman, I yield 2 minutes to the gentlewoman from New York [Ms. VELÁZQUEZ],

Ms. VELÁZQUEZ. Mr. Chairman, I rise today amazed by how far the Republican majority will go to keep hard-working Americans down. Instead of being the first rung on the ladder out of poverty, this housing bill kicks the ladder away. By repealing the Brooke amendment, the already difficult lives of the extremely poor will become a nightmare. Adequate housing must remain affordable for everyone.

In New York City alone, 560,000 housing authority tenants will face higher rents or eviction if Brooke is eliminated. There is not going to be mixed income people living in public housing. There will be families making $40,000 living in public housing and poor people will be thrown into the streets.

This is a price they simply cannot afford to pay. Faced with higher rents, families will have to scrimp for even their most basic necessities. How much more are we going to bleed out of our poor?

The United States already has the impressive distinction of having the highest poverty rate of the industrialized world. Elimination of rent caps coupled with funding cuts to housing and a 25-percent cut to homeless shelters will force waiting lists for park benches to skyrocket.

Mr. Chairman, I say to my Republican colleagues, you should be ashamed of yourself. Stop trying to balance the budget on the backs of the Americans least able to shoulder that burden. Think of the message you are sending.

Mr. Chairman, clearly, the majority cares more about the haves than the have-nots. Instead of investing in the neediest Americans, they give a $7 billion increase to the Department of Defense; they give hefty tax breaks to wealthy corporations and contributors that dwarf our spending to house the poor; and they deny an increase in the minimum Federal wage for working Americans.

Today confirms that the Contract With America was not a contract with all Americans, only the privileged few. I urge my colleagues to support the Frank amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield such time as he May consume to the gentleman from New York [Mr. SCHUMER].

(Mr. SCHUMER asked and was given permission to revise and extend his remarks.)

Mr. SCHUMER. Mr. Chairman, I rise in strong support of the Frank amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I am just sick and tired of people calling compassion State Street, which has been tolerated for the last 30 years by the last majority. It was OK to warehouse people and keep people unemployed, and it is OK to make sure we cut off the commerce and make sure they do not have access to jobs or access to good education. That is compassion.

But give people a chance to get a job and get a decent education and get income mix, and we lack compassion and we are extreme?

Mr. Chairman, I yield 4 minutes to the gentleman from Maine [Mr. LONGLEY].

(Mr. LONGLEY asked and was given permission to revise and extend his remarks.)

Mr. LONGLEY. Mr. Chairman, I want to compliment the gentleman from New York [Mr. LAZIO], chairman of the subcommittee. The gentleman has done an exceptional job in trying to articulate the need for change in the area of public housing.

I have to confess that we are asked to be expert on any number of subjects that are frankly far beyond our ability to do so, but I have been attempting in the last year to visit many of the public housing projects in my district. I visited projects in Portland, Sanford, and Augusta. I have talked to the director of the State Public Housing Authority and I visited a project that they have sponsored. I talked to trustees in south Portland and I have also talked with the director of the Portland Public Housing Authority.

The message that I hear over and over and over again is the need for change in Washington. Particularly, I spoke a year ago with the director of the Public Housing Authority in Sanford. He said, ''If you would just give us some flexibility, we can manage these projects more efficiently, we can do a better job, and we can do it at less cost.''

Mr. Chairman, I happened to get a letter yesterday from the director of the Portland Housing Authority, Mr. Peter Howe. I want to point out that he said,

> H.R. 2406 contains, much-needed regulatory relief, that is, repeal of Federal preferences, the one-for-one replacement rule, and the take-one, take-all provision. The provisions contained in this legislation provide local housing authorities with the type of administrative relief and authority necessary to operate these programs in tenuous funding environments.

Mr. Chairman, it goes on to say—

> I also encourage you to support compromise language that calls for targeting 30 percent of all units for those below 30 percent of median income. This provision will assure that affordable housing units will be available to the poorest members of our community.

I would just say this to the House this morning: Again, we cannot pretend to be experts on everything, and I question the extent to which we have the ability to do that. But I do know that when I talk to my local housing authority officers and officials and visit the projects, talk to the people who are residents, that the people in the local level have the ability to manage these projects, and I have confidence that they are moving in the right direction and that they can be trusted to do the right thing when it comes to their residents and the future viability of their projects.

Mr. Chairman, I insert for the RECORD the following correspondence:

PORTLAND HOUSING AUTHORITY
Portland, ME, May 8, 1996.

Hon. JIM LONGLEY, Jr.,
Longworth House Office Building,
Washington, DC.

DEAR CONGRESSMAN LONGLEY: On behalf of the Portland Housing Authority, I want to encourage you to support passage of H.R. 2406, the United States Housing Act of 1995. H.R. 2406 contains provisions that are needed to ensure the continued success of the nation's public and assisted housing programs. Passage of H.R. 2406 will allow the House and Senate to conference their respective versions of public housing reform legislation.

H.R. 2406 provides local housing agencies (LHAs) with much needed regulatory relief, i.e., repeal of federal preferences, the one-for-one replacement rule, and the take-one, take all provision. The provisions contained in this legislation provide LHAs with the type of administrative relief and authority necessary to operate these programs in a tenuous funding environment.

I also encourage you to support compromise language to retain the Brooke Amendment for those below 30 percent of median income. This will ensure that the poorest members of our community will not suffer excessive rent burdens. I also encourage you to support compromise language that calls for targeting 30 percent of all units for those below 30 percent of median income. This provision will assure that affordable housing units will be available to the poorest members of our community.

If I can be of any assistance to you, please feel free to call me at (207) 773–4753.

Sincerely,

PETER A. HOWE,
Executive Director.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. WYNN], a member of the committee.

Mr. WYNN. Mr. Chairman, I rise in strong support of the amendment. The Republicans like to moan about us calling them extremists. Well, they are and this is a classic example.

Mr. Chairman, they take a bill that has many laudable points and then they ruin it because they repeal the Brooke amendment which was designed to cap the rents that are paid by some of the poorest people in this country, people who make $6,400 a year. That is extreme.

The Brooke amendment simply reflects the standards of the industry, the banking industry, the real estate industry, the financial services industry which says that people should only pay a reasonable portion of their income, about 30 percent, for housing.

If we do not have the Brooke amendment, what we do is create a cycle of poverty because poor people then have to choose between medicine and rent; between paying bills and rent; between car repairs and rent. The first emergency that happens, they fall further behind. That is the cycle of poverty that is created in the language in this bill.

My Republican colleagues recognize this is a problem because they keep the Brooke amendment for current residents, disabled people, and for seniors. If it is good enough for the disabled and seniors, why not new tenants? We need to keep the Brooke amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 1 minute and 15 seconds.

Mr. Chairman, I now it is part of the Democratic strategy to try and label, use words. That substitutes for analysis in terms of this. But let me tell my colleagues what is extreme, Mr. Chairman.

Mr. Chairman, what is extreme is allowing people to be concentrated in poverty and not allowing them a chance to get out. What is extreme is a housing authority like in New Orleans with a score 27 out of a possible score of 100, and still receiving taxpayer dollars. Or DC at 33; or Philadelphia at 35; Chicago, 45; Atlanta, 49; Pittsburgh, 47; even Boston, 62.

Mr. Chairman, I would say if our children came home with scores like that, we would make sure they changed schools or went and did their homework. Neither one of them is happening right now.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I have tried to compliment the chairman of the Subcommittee on Housing and Community Opportunity for many of the changes that the gentleman has incorporated into this bill that in fact will allow the Secretary to deal with some of those housing problems.

But, Mr. Chairman, that has nothing to do with what the Brooke amendment does. The Brooke amendment simply caps the rents at 30 percent. As the gentleman knows, he protects all of these very poor. He protects the elderly and the disabled. The only people the gentleman is going to be pushing out of public housing are working poor.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. TORKILDSEN], although this may be a Democratic strategy.

Mr. TORKILDSEN. Mr. Chairman, housing is a key part of the American dream. For some this means owning their own home, and that's why we must keep the tax deduction for mortgage-interest. For others it means renting an apartment at market rates. And for others it means living in subsidized housing. For those people the Brooke amendment is essential.

As a Republican from Massachusetts, I am proud to support this amendment, which upholds the strong tradition of housing fairness established by a great

Massachusetts Republican, Senator Ed Brooke.

I applaud the chairman of the Housing Subcommittee for crafting a bill that skillfully reinvents the Federal Government's approach to housing policy. But I find no reason to alter the Brooke amendment as part of this reinvention.

In 1969, Ed Brooke proposed his amendment in response to increasingly unaffordable rents charged by public housing authorities struggling to meet expenses. Unfortunately, not much has changed since then. We still need this valuable safety net for families living in public housing.

The Brooke amendment is plain and simple. It says that families in public housing will not pay more than 30 percent of their income in rent. Last week, I met with Senator Brooke and he explained that his amendment was based on a common-sense rule-of-thumb his father told him when he was young man. Brooke's father said that if he was paying more than 25 percent of his income in rent, he should find another place to live. Unfortunately, for most families in public housing the only alternative is homelessness.

Last year, the Federal Government spent $2.9 billion on public housing agencies. This amount pales in comparison to the $58.3 billion value of the mortgage-interest deduction.

Critics claim that the Brooke amendment discourages work, but this issue is easily addressed without repeal. Repeal of the Brooke amendment would force many people out of the only quality home they have access to.

The Brooke amendment was authored by a Republican Senator and signed into law by a Republican president. It would be disappointing for this Republican Congress to dismantle such a commonsense policy.

Mr. Chairman, I submit the following for the RECORD:

[From the Boston Globe, May 8, 1996]

SAVE THE BROOKE AMENDMENT

(By Edward W. Brooke)

As a young man starting out on my own, my father taught me that if I was paying more than 25 percent of my income on rent, I was paying more than I could afford and should find another place to live. It was sound advice then, and it is sound advice today.

Too much spent on housing leaves a person juggling to pay for other essentials, robbing Peter to pay Paul, with no ability to save for the future.

Twenty-seven years ago as a Republican US senator from Massachusetts, I introduced the ''Brooke Amendment'' to keep rents affordable for low-income families, elders, veterans and disabled people living in public housing. Then, as now, public housing authorities faced increasing operating expenses and, in order to cover costs, were charging tenants higher and higher rents—in some cases upwards of 50 percent of their meager incomes.

Congress had two choices: fill the operating-cost gap or turn people out of their homes. We voted to fill the gap and passed legislation, signed into law by President Nixon in 1969, to cap rents at 25 percent of income. In 1981, this cap was raised to 30 percent.

Now, US Rep. Rick Lazio, a Republican from New York and chairman of the housing subcommittee, is expected to bring to the full House a bill that calls for the elimination of the Brooke Amendment. It will put 2.7 million households in danger of losing the rent-cap safeguard in their federally subsidized housing. The rationale for repealing the Brooke Amendment is that, to fill the current revenue gap, housing authorities need to attract working people who can pay higher rents into public housing. The 30-percent cap is seen as a disincentive for residents to obtain work.

The purpose of public housing is to provide decent, affordable housing for low-income families, and the Brooke Amendment has ensured that for almost 30 years.

However, a specious argument has caught hold in Congress that people who have jobs and more choices will choose to move into public housing developments where apartments are cramped, safety is often a problem and one is branded with the stigma of living in a poor development. Do members of Congress really believe that people who have the means to live elsewhere will move into public housing projects? The reality is that people live in public housing because they have no other choice; they are poor and have no other place to go.

If Congress truly wants to remove barriers that discourage public housing residents from obtaining employment, the solution is to give housing authorities the flexibility to set rents below 30 percent in certain instances and allow people to save and get back on their feet. Congress should not withhold operating subsidies from public housing authorities and try to balance the budget by reaching deeper into the pockets of our poorest people. We must keep rents in public housing at a fair and reasonable percentage of income, a percentage that recognizes that people need money to pay for other basic expenses as well.

Some advocates of the repeal cite the rate of crime in public housing. The fact is that less than 15 percent of public housing tenants are involved in crime. More than 85 percent are decent, law-abiding citizens who live in fear of crime. The way to address the crime problem is not repeal of the cap on rents, but through eviction and prosecution of criminal tenants.

I fear that the real intention in repealing the Brooke Amendment is to abandon federal public housing. This misguided and hard-edged legislative action will destroy the foundation of our federal housing policy.

Abandoning public housing is unwise for the country. It ignores the investment that this country has already made to build millions of units of housing—housing that, if we had to rebuild today, would be prohibitive in cost.

The Brooke Amendment is not a budget buster. Last year, the federal government provided $2.9 billion to agencies that run public housing. This figure was dwarfed by the $58.3 billion in mortgage interest deductions that reduce housing costs for middle- and upper-income people. There is clearly no fairness or equity in the allocations between the haves and the have-nots.

There comes a point in making policy decisions when compassion and common sense must dictate. I respectfully urge my Republican successors in Congress to preserve the Brooke Amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Rhode Island [Mr. REED].

(Mr. REED asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I rise in strong support of the Frank amendment. I have heard from hundreds of Rhode Islanders who are concerned about the repeal of the Brooke amendment. While I commend Chairman LAZIO's amendment which aims to improve his original provision regarding rent payments, I believe that we need to do more to protect those Americans who relay on public and assisted housing.

Our Nation's low-income residents are already coping with drastic cuts in funding for many important programs. Rhode Island's seniors, disabled, and low-income families are already forced to make many choices between the bare necessities of life that Members of Congress do not face. The Frank amendment will allow these people to live in decent, affordable housing and still provide for their food, clothing, and medicine. Simply put, increasing rents for our Nation's most vulnerable will not achieve the goal of ''empowering'' our citizens. Mr. Chairman, I urge my colleagues to provide real help to our Nation's elderly, disabled persons, children, and low-income residents. Support the Frank amendment.

Mr. Chairman, I rise in strong support of the Frank amendment. I have heard from hundreds of Rhode Islanders who are concerned about the repeal of the Brooke amendment. While I commend Chairman LAZIO's amendment which aims to improve his original provision regarding rent payments, I believe that we need to do more to protect those Americans who rely on public and assisted housing.

We need to ensure reasonable rents for our Nation's seniors, disabled persons, and low-income families so that they can live in safe decent and affordable housing. Our Nation's low-income residents are already coping with drastic cuts in funding for many important programs, and now we are contemplating penalizing those who may find themselves in need of public housing in the future whose incomes fall below 50 percent of the median income level.

Rhode Island's seniors and disabled are already forced to make many choices between the bare necessities of life that Members of Congress do not face. The Brooke amendment has allowed these people to live in decent, affordable housing and still provide for their food, clothing, and medicine. Simply put, increasing rents for our Nation's most vulnerable will not achieve the goal of ''empowering'' our citizens. Rather, it could force many of these people deeper into poverty.

In Rhode Island, the Brooke amendment matters. In Rhode Island, 25,100 households fall under the Brooke amendment, and not all of them live in public housing. The Brooke amendment matters because 11,400 of these households including children that need to be fed, clothed, and educated. The Brooke amendment matters because the Providence housing market lost some 1,100 units of affordable housing from 1988 to 1992. Regrettably, the bill we are now considering will only exacerbate the problems of those struggling and older Rhode Islanders who desperately need the Brooke amendment.

Mr. Chairman, I urge my colleagues to provide real help to our Nation's elderly, disabled

persons, children, and low-income residents. Support the Frank amendment.

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Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from Los Angeles, CA [Ms. WATERS], a member of the committee and an expert in this field.

Ms. WATERS. Mr. Chairman, I agree that this is, too, about the Brooke amendment, but it is about more than the Brooke amendment. It is about whether or not we are going to develop some sensible public policy that will allow people to become independent.

My friends on the other side of the aisle claim to understand that we have a lot of policies in government that do not allow people to really pull themselves up by their bootstraps. When we look at public housing, we will find a lot of that. One of those policies is the policy that will take more from people when they go to work, which serves as a disincentive.

Recognizing this, we are simply saying, and the chairman needs to understand this, because I do not think he is a dishonest man. I really believe that he is little bit confused about this. When we say that we want to make sure that we are not taking away more than 30 percent, we are doing this so that we can create incentives for people to go to work and earn more money without their rents being raised to 40 and 50 percent. It is as simple as that.

We here in this House, many of us make as much money, take home as much money as these residents make in an entire year.

We heard what the income is of these residents. We take that much money home a month. Let me say, taking that much money home a month, some Members on the other side of the aisle sleep in their offices at night and they get free rent. How dare we talk about taking away more money from the poorest of the poor. We have policies now in public housing where, if one of the members of the family goes to work, we take away more money. This is outrageous and unconscionable. My colleagues ought to just quit it.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 30 seconds.

I will tell my colleagues what is outrageous and unconscionable. It is penalizing work. It is to continue to have the Brooke amendment in place. It is to suggest that rents continue to be tied to income, whether it is 30 or 20 or 25 percent. None of us have to deal with that. None of us have to pay 20 percent of our income the day we look for an apartment.

No one goes around and shops for an apartment and finds that this apartment is 25 percent of our income or this is 30 percent of our income, but that is precisely the old model that they want to go back to. That is precisely the model that has led to disastrous results. Do not ask me; go back to the housing authorities that have said this.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 30 seconds to point out, nice speech, wrong subject.

The amendment we are offering on a bipartisan basis does not tie rent to income. It allows the housing authority every freedom to set the rent for working people except in one context. It says it cannot go above a certain amount. The only difference between this amendment and the gentleman's proposal, by the way, with regard to welfare recipients we are the same. With regard to existing elderly people we are the same. But with regard to working people and new elderly residents, there is one difference. We say set the rent however you want and whatever basis you want, but there is an upper limit. Their bill says, set the rent however you want and whatever way you want without an upper limit. Some protection.

Mr. Chairman, I yield 2 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, I want to make two basic points.

First of all, one of the great crises in America today is that millions and millions of low income and working people are spending 40, 50, 60 yes, 70 percent of their limited incomes on housing. Therefore, they just do not have the money available for the food they need, for the transportation they need and maybe to put away a few bucks for educational opportunities for their kids. That is a real crisis.

The second point that I would make is to try to put this discussion in human terms. I called up a housing authority, senior citizen housing authority in Vermont this morning. They told me that many of the seniors in the housing earn $8,000 a year on average from Social Security. Right now they are paying 30 percent of their income for rent, $2,400 a year.

Mr. Chairman, if this proposal that is in the bill goes through, what could very easily happen is that senior citizens bringing in $8,000 a year will now pay 40 percent of their income in housing. That is an additional $800 a year, when you are bringing in $8,000 a year. Ten percent of all of your income more now goes for housing.

Second of all, if their Medicare proposals go into effect and we raise the Medicare premiums for senior citizens, in a few years time we will be talking about those same seniors paying $500 a year more for Medicare premiums; $800 plus $500, $1,300 a year more on a senior citizen earning $8,000 a year on Social Security.

Meanwhile, we are talking about huge tax breaks for the wealthiest peole in America. Mr. Chairman, this proposal in the bill is unfair. It constitutes a war against many senior citizens.

Mr. LAZIO of New York. Mr. Chairman, I yield 3 minutes and 30 seconds to the distinguished gentlewoman from New Jersey [Mrs. ROUKEMA], my friend and colleague, former ranking member of the Subcommittee on Housing and Community Opportunity.

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Chairman, I rise in opposition to the Frank amendment to keep traditional Brooke percentage of income rents in place for all public housing residents. While I share his concern that the very low-income families must be protected, but I also think we must allow room for more local decisionmaking to create public housing communities that are more socially and economically mixed, that provide more inspiring environments for the children and that remove disincentives to work. Also, we must face the budget realities. It seems unreasonable to keep Brooke in full force while the compensating operating subsidy will fall almost $1 billion in fiscal year 1996 and fiscal year 1997 from what is needed for the current system. Let public housing administrators find ways to become less dependent on shrinking subsidy resources and let us not presume that they are less sensitive to the needs of the poor than Congress.

I think your bill takes important steps to reform a program that has been laden with Federal misdirections over the years. Allowing the limited use of new flat and tiered rents for other than the poorest is a good move. We should allow PHA's, within limits, to imitate more fully the simpler rent methods of the private world, where extra family income doesn't result in extra rent. It is important in the era of welfare reform that we remove disincentives to work which many feel has often been unintended consequence of Brooke. By the way, we allow rents in excess of 30 percent of income in the voucher, tax credit, and HOME programs.

I urge the chairman as this legislation evolves with that of the Senate to consider increasing the minimum percentage of units that a PHA must always afford to those very, very low-income households below 30 percent to something higher than the bill's 30 percent to some higher percentage. I also urge you to ensure that the current, non-Brooke residents are thoroughly protected from burdensome rent increases by seeing whether the Gonzalez cap is adequate for that purpose.

I applaud your undertaking to update this valuable, but overly federalized housing program. Let's give change a chance.

Mr. Chairman, I include for the RECORD the following correspondence:

Mr. CHAIRMAN: I am going to support you on the issue raised by Mr. Frank's amendment to keep traditional ''Brooke'' percentage of income rents in place for all public housing residents. While I share his concern that the very low-income families must be protected, but I also think we must allow room for more local decision making to create public housing communities that are more socially and economically mixed, that provide more inspiring environments for the children, and that remove disincentives to

work. Also, we must face the budget realities and our own outlawing of unfunded mandates. It is unreasonable to keep Brooke in full force while the compensating operating subsidy will fall almost a billion dollars in fy96 and fy97 from what is needed for the current system. Let us let public housing administrators find ways to become less dependent on shrinking subsidy resources and let us not presume that they are less sensitive to the needs of the poor than Congress.

I think your bill takes important steps to reform a program that has been laden with federal misdirections over the years. Allowing the limited use of new flat and tiered rents for other than the poorest is a good move. We should allow PHAs, within limits, to imitate more fully the simpler rent methods of the private world, where extra family income doesn't result in extra rent. It is important in the era of welfare reform that we remove disincentives to work which many feel has often been an unintended consequences of Brooke. By the way, we allow rents in excess of 30% of income in the voucher, tax credit and HOME programs.

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I applaud your undertaking to update this valuable, but overly-federalized housing program. Let's give change a chance.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Chairman, I thank my colleague from Massachusetts for yielding time to me.

Let me remind my colleagues, as I told them last night, I was one of the members of the Democratic party who supported this legislation when we reported it from the Committee on Banking and Financial Services. I commend my colleague from New York for crafting a bill which I believe moves public housing policy forward in ways which I agree with. In particular, greater involvement at the local level, moving away from project-based assistance to tenant-based assistance through the use of vouchers and promoting home ownership. These are proper goals. But the bill is not perfect.

By removing the Brooke amendment, which places a rent cap of 30 percent, it creates some serious problems. There are two significant problems with the repeal of Brooke which we should correct by adopting the Frank-Gutierrez-Hinchey amendment.

First, by lowering the funding for assisted housing and removing the rent cap, local housing authorities will have no choice but to raise rents to meet existing demand, let alone any growth. It is a simple economic fact which the majority deny but not dispute. The housing authorities will have to maximize revenues to meet need and can only do so by raising rents.

Second, the bill, through the manager's amendment, makes the same mistake that we have in Federal welfare policy. By lifting the rent cap for families with incomes over 30 percent of the median, we actually tax work and thus create a discentive to achieve.

I think my colleagues in the majority would agree that an effective tax increase of 100 percent is a disincentive to economic opportunity and growth, let alone work. This bill moves us in the right direction, which should be to help people in need but to try and move them away from housing projects and ultimately off assistance and into homes which they own. But by repealing the Brooke amendment and not adopting the Frank amendment, we will contradict that goal and ultimately fail.

Adopting the Frank amendment will correct this flaw in an otherwise well-intentioned bill. I would ask my colleagues to remember, when they have gone to the bank to apply for a mortgage, that the banks will often have them fill out a formula that tries to see if you can pay the monthly note with 28 to 30 percent of your adjusted gross income.

Adopt the Frank amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 1 minute to just outline the fact that the compromise that was struck on the so-called Brooke amendment which allows for protection in our bill, the poorest of the poor, seniors and disabled, is supported by housing authorities throughout the country, including the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials.

Let me just read part of that, if I can:

"We support the compromise language on the Brooke amendment. We do not support the position taken by Congressman KENNEDY and Congressman FRANK. Both Congressman know this. Massachusetts Housing Authorities are pleased that your legislation will breathe life into dying housing developments. Key to our support is the local control, flexibility and trust you place in locally elected or appointed officials to lead LHA's and to do the right thing. Your concept is correct. They are accountable to their communities."

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I just point out that when you are putting money in the back pocket of the housing authorities, it is very easy to get a letter like that.

Mr. LAZIO of New York. Reclaiming my time, Mr. Chairman, it is not this side of the aisle but your side of the aisle that wants to increase administrative fees that go directly to housing authorities. They simply want the flexibility to do the right thing.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 30 seconds. I know this is clearly one where the housing authorities are on one side; the tenants are on the other.

□ 1200

No tenant has said to me, "Please let them raise my rent."

The housing authorities explained this to me: Given the cutbacks that have occurred in the housing budget, they believe they are going to have to raise the rents on working tenants to get moneys to offset it. One of them said to me, yes, these Massachusetts people will be between a rock and hard place. I do not think that is the case. I think they are between a rock and a rather soft place, the lower income people. But I do understand the housing authorities are faced with these cuts, are prepared to raise the money from the tenant. I disagree very much with the housing authority.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the great State of Oklahoma [Mr. WATTS] for purposes of offering an amendment.

AMENDMENT OFFERED BY MR. WATTS OF OKLAHOMA AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. FRANK OF MASSACHUSETTS, AS MODIFIED

Mr. WATTS of Oklahoma. Mr. Chairman, I offer an amendment as a substitute for the amendment, as modified.

The Clerk read as follows:

Amendment offered by Mr. WATTS of Oklahoma as a substitute for the amendment offered by Mr. FRANK of Massachusetts as modified:

Page 157, after line 26, insert the following new subsection:

(b) LIMITATION.—Notwithstanding any other provision of this section, the amount paid by an assisted family that is an elderly family or a disabled family, for monthly rent for an assisted dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located may not exceed 30 percent of the family's adjusted monthly income.

Page 158, line 1, strike "(b)" and insert "(c)".

Page 158, line 9, strike "(c)" and insert "(d)".

Page 159, line 1, strike "(d)" and insert "(e)".

Page 172, line 11, before the period insert the following: ; except that in the case of an assisted family that is an elderly family or a disabled family, the amount of the monthly assistance payment shall be the amount by which such payment standard exceeds the lesser of the amount of the resident contribution determined in accordance with section 322 or 30 percent of the family's adjusted monthly income.

Mr. WATTS of Oklahoma (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. FRANK of Massachusetts. Reserving the right to object, Mr. Chairman, we have not been given the courtesy of a copy.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent that the amendment be considered

as read. The gentleman from Massachusetts reserves the right to object.

Mr. FRANK of Massachusetts. Indeed, since we have just now been given a copy, I do object but would like to proceed with the reading.

The CHAIRMAN. Does the gentleman withdraw his reservation of objection?

Mr. FRANK of Massachusetts. I object because we need time to read this. We have not been given the courtesy.

The CHAIRMAN. The gentleman objects. The Clerk will continue the reading.

The Clerk completed the reading of the amendment.

The CHAIRMAN. The gentleman from Oklahoma [Mr. WATTS] is recognized for 2 minutes.

Mr. WATTS of Oklahoma. Mr. Chairman, as we have heard read, this amendment provides for protection of elderly and disabled by providing that their rental payment will not exceed more than 30 percent of the family's monthly adjusted income.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. Before the gentleman is recognized, the Chair wants to make sure everyone understands that the time utilized to discuss the substitute in front of us is taken from the 1 hour equally divided between the gentleman from Massachusetts and the gentleman from New York so that the gentleman has the opportunity to utilize that time in debating either the substitute or the amendment originally offered by the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I ask unanimous consent, given the changing aspects of this, that we add another 10 minutes to each side of the debate.

The CHAIRMAN. Is it the intent of the gentleman from Massachusetts [Mr. KENNEDY] that that time be allocated simply to the substitute or to the full 60 minutes allocated earlier?

Mr. KENNEDY of Massachusetts. Mr. Chairman, I would offer it to the full 60 minutes, depending on how this works out.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that an additional 10 minutes equally divided between both sides be allocated to the original 60 minutes of debate for consideration of the Frank amendment.

Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume, and I thank the gentleman from New York [Mr. LAZIO] for his courtesy in this regard.

We have here one more tactical retreat. In the interests of simplicity, they further complicate things. Here is the problem:

The manager's amendment would have created a new notch act for people who are nostalgic about the notch act. The manager's amendment that the other side was so vehemently defending said for currently disabled and elderly people it would be a 30-percent cap, but for new people it would not be. So now what this does is to apply the 30-percent cap to new elderly people.

I like that. So does my amendment.

Why is it offered now? It is offered now in a desperate hope to prevent a vote on the underlying amendment because if this substitute is adopted, then there is no vote on the underlying amendment.

As a matter of fact, this was a preexisting amendment, and intellectual property does not apply in here. It is a substitute amendment offered by the gentleman from Oklahoma [Mr. WATTS] crossing out ''Mr. Hinchey of New York.'' They took Mr. HINCHEY's amendment, which would have done this subsequently, and they crossed it out and they wrote in ''Mr. Watts.''

Mr. Chairman, that is okay. They can do that. The gentleman from Oklahoma is not the Peoples' Republic of China. He is not held to any standard on intellectual property. He can copyright and counterfeit and pirate; that is OK. But the reason he did it is to prevent a vote under the underlying amendment.

And I just want to make one point before I yield to my friend from Massachusetts. Understand that the gentleman from New York said the tenants are better off without this 30-percent cap. Understand the wholly illogical and inconsistent approach he takes. On the one hand he says over 30 percent cap has been bad, even if it is not a flaw, it is bad for the tenant, it drives their rents up. So now he says, ''I am going to protect the elderly by subjecting them to that 30 percent cap,'' that he says is so bad for them. It just shows what a sham this is.

Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I have a question of the author of the amendment.

The gentleman has offered this amendment under the section that deals with the vouchers of programs side of this. Does the gentleman intend for this to cover public housing as well?

Mr. LAZIO of New York. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I yield to the gentleman from New York.

Mr. LAZIO of New York. Mr. Chairman, this would apply to tenant based, project based and public housing.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I ask the gentleman, are you sure, Mr. LAZIO, it applies to public housing? Because you have offered it in the third section of this bill.

Mr. FRANK of Massachusetts. Reclaiming my time, Mr. Chairman, maybe we should find the gentleman from New York [Mr. HINCHEY]. They stole the amendment offered by the gentleman from New York [Mr. HINCHEY]. Why do we not get the gentleman from New York to explain it to the gentleman?

Mr. KENNEDY of Massachusetts. Mr. Chairman, if the gentleman would continue to yield, I am just pointing out to my colleague that he has offered this amendment in the third section of the bill, and my understanding from staff is that that raises a serious question as to whether or not it covers public housing.

Mr. FRANK of Massachusetts. Mr. Chairman, in fact what happened was the gentleman from New York [Mr. HINCHEY] had two separate amendments, and they only stole one. They forgot to steal them both. So the gentleman only took half of Hinchey; he got a ''Hinch'' but no ''E'' here. So that is the problem.

Mr. LAZIO of New York. Mr. Chairman, I ask unanimous-consent request to amend this amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from New York is recognized for the purpose of a unanimous-consent request.

Mr. LAZIO of New York. I ask unanimous consent, Mr. Chairman, to allow this amendment to apply to seniors, prospectively in public housing, as well as those seniors who use vouchers through the section 8 program.

Mr. FRANK of Massachusetts. Reserving the right to object, Mr. Chairman, the gentleman from New York [Mr. HINCHEY] has these amendments in proper form pending. The appropriate way to do this would be to vote on the amendment that is now pending. If it is defeated, these two amendments would then be in order. This is simply an effort to hijack the amendment of the gentleman from New York [Mr. HINCHEY] to preempt a vote, and therefore I object.

The CHAIRMAN. Objection is heard.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, we are again going around and around. We are talking about ensuring that working people have the incentive to go to work. We are trying to ensure that the Brooke amendment, which is a tax on work, which will result, even the Frank amendment will result, on more taxes on working people, on higher rents, kills jobs, hurts working poor, hurts working people, hurts mixed income, will be defeated.

What we are saying is that we need to protect the most vulnerable members of our society, and that is not inconsistent. We are saying we need to protect the seniors, we need to protect the disabled, we need to protect the poorest of the poor, and all those people are protected in our manager's amendment and in our bill.

We are trying to move beyond that. The gentleman has objected to a unanimous-consent request so that we can apply this to seniors in public housing, but we are going to apply this prospectively in the future to seniors using section 8 voucher-based program.

We will, through the process, hope to amend this even through the objections of the other side so that seniors will be protected who will prospectively live in public housing.

Let me explain for my colleagues what we want to do so that working people have a decent chance. If we have fixed rents, flat rents, the rents that all of us pay in their own marketplace, if we go out and look for an apartment, someone does not ask us how much we make and we will fix the rent based on how much that person makes, whether it is 20 percent, 25 percent or 30 percent. If the housing authority fixes rent for an apartment at $65 a month and somebody is making $75 a week, under the Frank-Gutierrez amendment, as it currently stands, they would pay $100 as opposed to $65 a month, a disincentive to go to work for even $75 a week.

If someone is offered overtime and the ability to go to work again and take another job and make $150 a week, again his rent goes up. Instead of paying $65 a month, he goes to $200 a month. Why should somebody go out and do the overtime if he knows it is being eaten up in additional rent? If he goes to $300 a week, his rent goes up to $400 a month as opposed to $65 a month. All these are disincentives to work.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 1½ minutes to say I have never heard such misleading nonsense on the House floor. The amendment we offer does not require anybody's rent to go up a penny. Indeed it is the amendment of the gentleman from New York already in the bill that allows the housing authority to go much higher.

We say, ''The housing authority, use whatever basis you want, but in no case go above 30 percent.''

The gentleman from New York says, ''Use whatever basis you want and go as high as you want.'' And if, in fact, not being subjected to a cap is such a protection, why is he then taking that away from the elderly?

But the central point is the gentleman from New York has just made statements that are so widely at variance with the facts that I am astonished. He says under our amendment the individual's rent would go up. No, only if the housing authorities, whom he is defending here, choose to do it.

His argument is that if we give a housing authority a 30-percent limit, they will set the rate higher than if we tell the housing authority they can set it as high as they want to. The gentleman knows that is a hard argument to make. That is why, just to remind people of the parliamentary situation, the gentleman has taken the Hinchey amendments in an imperfect form and put them in here, because he is desperate to avoid a vote.

The key difference is this: Under his bill, even with the Hinchey amendments that they have stolen for these purposes, working people will be subject to unlimited rents, people on welfare and elderly will be subjected and protected by the 30-percent cap. That would then be the sole difference, and I believe we ought to have a vote on that and not be preempted by some parliamentary sleight of hand.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 1½ minutes.

Mr. Chairman, it is ironic the gentleman from Massachusetts is complaining about parliamentary sleight of hand.

Mr. Chairman, I am trying to compromise and move the extra yard to ensure that some of the concerns by the other side of the aisle are met. I tried to make unanimous-consent requests to allow that seniors who will prospectively live in public housing or use section 8 housing will be able to have the protections that the other side claims that they are in favor of. But that is not good enough. They have objected to my unanimous consent.

If the gentleman from Massachusetts [Mr. FRANK] wants an up-and-down vote on his amendment, which I think is a disastrous amendment, which all housing authorities' associations have basically said is a disastrous amendment, I am happy to do that.

Mr. Chairman, I yield to the gentleman from the great State of Oklahoma [Mr. WATTS] for purposes of unanimous-consent request to withdraw the amendment as it exists and to allow the gentleman from Massachusetts [Mr. FRANK] to offer it as is.

Mr. WATTS of Oklahoma. Mr. Chairman, I ask unanimous consent to withdraw my substitute amendment and then proceed.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. The amendment offered by the gentleman from Oklahoma [Mr. WATTS] as a substitute for the amendment offered by the gentleman from Massachusetts [Mr. FRANK] is withdrawn.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FRANK of Massachusetts. Mr. Chairman, may we know how much time is remaining and on what amendment?

The CHAIRMAN. At the present time the original Frank amendment is the only amendment before the House.

The gentleman from Massachusetts [Mr. FRANK] has 10½ minutes remaining, the gentleman from New York [Mr. LAZIO] has 12 minutes remaining.

□ 1215

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the great State of Arizona [Mr. HAYWORTH], a great member of the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services.

Mr. HAYWORTH. Mr. Chairman, I thank the gentleman from New York for his courtesy in that introduction and, indeed, for his goodwill and incredible patience in trying to deal with what has become a very contentionus situation.

My good friend, the gentleman from Massachusetts, to whom I always listen with great interest, a little bit earlier said he had never heard such outrageous nonsense on the floor of this House. Resisting the temptation to bring up some incredible mathematic equations that have been offered by that side with reference to real increases in spending being portrayed as cuts, I would simply say that there has been a great deal of nonsense that has emanated from the other side of the aisle with reference to a myriad of subjects.

But let us move away from nonsense to solving this problem. That is, trying to have housing for the poorest in our society, trying to reach out and empower them to become part of the economic mainstream and to live the American dream.

Mr. Chairman, it is inherent with the proposal from my colleague, the gentleman from Massachusetts, that an unintended by-product, an unintended consequence, if you will, even with the modification, is to in essence levy a tax on those who want to work; for even if there is a cap instituted, as the gentleman from Massachusetts in modifying his amendment has done, even if there is a cap, the temptation is always to go to that limit, to that cap and no further.

Indeed, if we focus on what has been our history, if we focus on the parameters set forth, if we have that parameter decreed by Washington, it is a virtual certainty that then the 30 percent cap will in fact take place, you will have a situation where you have a malicious tax imposed, and that is something we must categorically reject. I stand in opposition to the amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 90 seconds to the gentleman from Minnesota [Mr. VENTO], one of the senior members of the committee, a great housing advocate.

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, the proposition that is proposed here by the majority is that if we have safeguards in terms of limiting rent, that that is somehow going to hurt the tenants. That is what is being suggested. We agree, I guess, on the senior citizens that are in housing and disabled, and on very low income, but not on future senior citizens or low-income residents. We are going to have a disparity. They are going to pay more, or they are at least going to be exposed to pay more for rent.

I am not surprised that housing authorities actually want this flexibility.

Let us face it, the administration, housing authorities, want all the money and all the flexibility they can get. That is not surprising—the housing authorities trust themselves. It is our role in Congress to look at whether or not we are going to accommodate and try to provide some protection—some safeguards for those that are in public housing.

I think all we have to ask ourselves is who is for it and who is against it. In other words, the housing authorities, the landlords are for the Lazio amendment; they want the flexibility to go this way and to in fact raise rents. The tenants are against it because they get no assurance as to the limit of rent increases—no safeguards out of this proposal.

In other words, this amendment that the gentleman has and the way he has structured the law hurts the working poor. The Frank amendment ceiling cannot hurt them, it can only help. If they want to collect less, if you say they need work incentives, they can disallow income, they can go in all sorts of directions. But the amendment that is before us says you can only go down as long as you are below 30 percent. What is before us in the bill removes the ceiling, removing the safeguards in terms of the costs protection for working Americans who are in this public housing, that are fortunate enough to be in public housing. When we remove the safeguards and reduce the Federal dollars and restrict them in terms of this block grant, we can be sure they are going to be pushed, pushed into higher rents for working people and their families.

The fact is the Republicans refuse to deal with the minimum wage, and now they are pushing low income public housing residents into higher rents, higher rent for working Americans.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, we are still arguing about income-based rent. Therein lies the philosophical divide. Therein is the reason why people who manage public housing and do this on a daily basis day in and day out, and live with the problems, live with the challenges, work with the people, and understand the problems, why they say that this approach is so devastating to work. They say it has been a disincentive to work, it has been an incentive to fraud, and it has caused a humongous amount of change in terms of mixed income, which is very important.

Let us talk about mixed income in public housing for a second, because the Brooke amendment and the Frank amendment would continue to compound the problem that exists in public housing today because it chases out the people that get a job, because it is a tax on work. It is a tax on employment. It is a work disincentive. It hurts the working poor. It increases rent for the working poor.

Over here, we talk about the change that has existed as a result of the changes through the last Congress as a result of many different issues, including the Brooke amendment.

Over here, we show the red line, which is where tenant income as a percentage of those people who occupy public housing, where it has gone. In 1982 it was up here. In 1996, during that same time, the blue line represents the operating subsidies, the amount of money that we have had to subsidize as that has gone up in direct correlation. As that number has gone down, the red line has come down; it means fewer people have role models.

There are no opportunities to have the kind of exchange with working people that leads to job opportunities: Have you heard about a job? Do you know where I can get a job? Do you know where I can leave my resume? All those things do not exist in some housing developments in America. That is a disgrace. That is a shame. That is what the gentleman from Massachusetts [Mr. FRANK], through his amendment, is continuing to support.

Mr. BAKER of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Louisiana.

Mr. BAKER of Louisiana. Mr. Chairman, I am trying to understand. Apparently all the discussion has been unable to make our case quite clearly. Is it the circumstance, in the gentleman's opinion, if a working family is in public housing today and mom is at home, and they somehow make arrangements to get child care, and mom leaves and takes on a new job, so the income of the family may go up to $1,200 or $1,500 a month, they have to pay for day care, but that does not matter when we look at the 30-percent rule, that that then applies to both new incomes; so rather than mom go out and work and pay for day care, mom just stays home. Is that what the gentleman is saying?

Mr. LAZIO of New York. That is exactly what I am saying. The day that mom goes to work is the day she pays 30 percent of her income in new taxes or rents.

Mr. BAKER of California. If the gentleman will further yield, he is telling me that it is the local housing authority that sets the rules in place.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 1 minute, and we can continue this debate.

Mr. Chairman, I would say the gentleman from New York has a key point, but I think it makes our argument. Remember, the Brooke amendment has had two forms. As originally proposed by Senator Brooke and adopted, it was simply a cap and not a floor. It was changed in 1981 to be both a cap and a floor. Interestingly, the gentleman's chart begins with 1982, after the change. He is showing a decline.

In fact, the amendment we are offering would restore the Brooke amendment to what it was before his. The point is, by the gentleman's own point on the chart, the Brooke amendment, before Gramm-Latta, did not have that effect. That is where he starts his chart. He characterizes the negative effect of the amendment to the Brooke amendment. But what we put forward leaves that out and restores it to the pre-1982 pre-chart days.

Mr. LAZIO of New York. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from New York.

Mr. LAZIO of New York. Mr. Chairman, the exact same situation that exists currently under Brooke will be in place under the gentleman's amendment, the exact same situation.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, the gentleman is still talking about basing rent on income. Whether it is 30 percent or whether it is 28 percent or 25 percent or 20 percent, Mr. Chairman, the day you go to work, you get that additional tax. Your rent goes up. You are punished for working. That is why this is a rent increase on the working poor.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I want to try to reach some agreement here. The point is this: By the gentleman's own chart he is acknowledging, by his choice of a date, that when the Brooke amendment was simply a cap and not a floor, it did not have that negative effect. His own chart starts there. I am talking about returning it to what the gentleman regards from his chart as the good old days. The gentleman should read his own chart.

Mr. LAZIO of New York. Reclaiming my time, Mr. Chairman, our chart begins in 1982 or 1983. I guess we could have gone back 10 more years.

Mr. BAKER of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Louisiana.

Mr. BAKER of Louisiana. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, anybody can make charts and draw diagrams. Certainly they can make their own, rather than use ours. The point is, we should turn to those people who administer public housing at the local level and who do a good job.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I would like to understand, from a working family's perspective, let us assume the example that the gentleman from Louisiana [Mr. BAKER] gave of a family whose mother goes out and gets this job. Does anybody really think it makes a difference to her whether she is paying a percentage of her income in rent or just an increase in rent? The truth of the matter is that she is paying more in rent.

What is wrong with the first chart, which I would just take a second to go

pull out here, the chart that the gentleman from New York [Mr. LAZIO] used. Let us go to this chart here. Somehow or another, according to this chart, the mythical rent under this bill will be $65 a month. The truth of the matter is that what the gentleman from New York [Mr. LAZIO] does not say on this chart is the fact that there is no rent cap whatsoever, and that this figure can go up twice as high as this figure. This is a rent ceiling. There is no rent ceiling on that of the gentleman from New York [Mr. LAZIO], and that is the fundamental difference.

Mr. Chairman, what we are talking about here is something fairly simple. What we are talking about is the fact that under the Lazio bill, we are saying that very poor people are going to be protected by only paying 30 percent of their income. We are saying that elderly and disabled people that are currently in public housing are only going to pay 30 percent of their income.

The gentleman tried to amend his own bill by extending that to elderly and poor new residents, but the truth is that the only people left to jack up the rents on are the working people. It is the working people, the very people that they claim to be protecting by the 30-percent protection, by eliminating that, they are the only people left on which to jack up the rents. By cutting the housing budget by $2.5 billion in public housing alone, $5 billion in both assisted and public housing, you have to get public housing authorities to raise more money, which is why they all endorse your bill.

What they are going to do is jack up the rents, and with the protections that you have provided, the only people they can jack up the rents on are the working people of this country who occupy public housing.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 2 minutes.

Mr. BAKER of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Louisiana.

Mr. BAKER of Louisiana. Mr. Chairman, I just want to point out, it has again been missed, that housing director after housing director after public housing authority board member has contacted Members of this Congress and said, ''Please, give us some relief from the Brooke amendment.'' I think the chairman is in receipt of a letter from the National Housing Officials Association. Would the chairman inform the Members as to what this group's opinion is with regard to the effects of the Brooke amendment?

Mr. LAZIO of New York. Mr. Chairman, let me respond to my friend, the gentleman from Louisiana. Again, Mr. Chairman, the National Association of Housing and Development Officials, the people that have the hands-on experience, that work with this problem every day——

Mr. BAKER of Louisiana. The people who are going to decide how much rent an individual is going to pay?

Mr. LAZIO of New York. That is right.

Mr. BAKER of Louisiana. The very folks who are in charge?

Mr. LAZIO of New York. That is precisely right. In their letter they write that the Brooke amendment is a ''disincentive to work, encourages fraud, and offers local housing authorities little flexibility to reward working households.''

Mr. BAKER of Louisiana. Mr. Chairman, does that mean, if the gentleman will continue to yield, that if we keep the current system in place, we discourage people from getting job skills and going to work and maybe one day moving out of public housing? Is that the problem?

Mr. LAZIO of New York. That is precisely the problem.

Mr. BAKER of Louisiana. Mr. Chairman, does the gentleman mean people live in public housing for years?

Mr. LAZIO of New York. That is precisely the issue. If our intent is simply to maintain or warehouse the poorest Americans, we are in the process of doing that again, if we adopt this amendment.

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If our principle is to transition, to create an environment where people can have work and hope and opportunity and get a job and make their own choices, free of public subsidies and free of the artificial world where incomes and rents are tied together, then we will move in this direction.

Mr. BAKER of Louisiana. Excuse me, because I am still having a hard time. We are characterizing local public housing authorities across this country as people who do not care about those people. By and large, are not most of these individuals who serve on these authorities either very low paid or volunteers trying to perform a public service to help people in their community have decent housing? Is it the belief that if we do what we are suggesting, as the chairman is trying to lead this Congress, in doing that we are going to go out into all communities in the country and start throwing people out of public housing, is that the belief?

Mr. LAZIO of New York. The gentleman is hitting the point again. We are saying that local people who have local vested interest, who have dedicated their lives to housing, will be compassionate, will watch out for the people that they have committed themselves to watch out for.

The National Association of Housing and Redevelopment Officials says, ''We vehemently deny the accusations from some that housing authorities are seeking to immediately escalate rents without any regard to the household's ability to pay.'' They are saying, ''We commit ourselves to this. The reason why we are drawn to this occupation, to this job, is a sense of duty to watch out for the poor. We are not going to be devastating the poor. We are trying to give incentives to people to work.''

Mr. BAKER of Louisiana. Does the gentleman mean these people are telling us if somebody goes to work they want them to be able to keep the money?

Mr. LAZIO of New York. That is exactly what they are saying.

Mr. BAKER of Louisiana. I am shocked.

Mr. LAZIO of New York. Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. MILLENDER-MCDONALD], our newest colleague.

Ms. MILLENDER-MCDONALD. Mr. Chairman, first, I would like to thank Mr. FRANK for allowing me the opportunity to speak on this most important issue. In listening to the debate on this issue, it is clear to me that my colleagues in the majority truly believe in their views on this issue. To some extent, I would agree with the spirit of their views but not with the methods. In our efforts to reform public housing we must be careful not to hurt the very people who we are trying to help, the residents of public housing. Please be clear.

Under current law, the Brooke amendment was enacted in 1969 to protect the most vulnerable residents of public housing from paying too high a percentage of their income for rent. The amendment made public and assisted housing affordable for very low-income families. Typically, poor families who are not in public housing pay more than 30 percent of their income in rent. Currently, more than 5.3 million families, who are not in public or assisted housing pay more than 50 percent of their income for rent. The limits set by the Brooke amendment have made public and assisted housing more affordable for very low-income families by preventing dramatic increases in rent. The practical effect of the Brooke amendment has been to cushion the residents of public housing against the fluctuations in the housing market.

Current law also addresses the earned income adjustments that allow public housing authorities to encourage work through more flexible rent structures. Further, rent ceilings allow public housing authorities to price units competitively with the market and allow retention for mixed occupancy. The Brooke amendment is a good amendment. It is sound public policy. I don't see any reason to repeal it but apparently there are those who see fit to do so.

Mr. Chairman, let's tell the truth about this bill. H.R. 2406 repeals the Brooke amendment and hurts the people we are trying to help, by removing the limits placed on rent charges. This is hypocritical at best.

We are going to remove the caps on rent and in the same breath deny them an increase in the minimum wage. That equates to a backhand and a forehand slap to the faces of the residents of public housing. I hear some of my colleagues say that they value home

ownership and that residents of public housing will be allowed to purchase their units. Tell me how will those residents be able to afford the mortgages on those units without being able to earn a decent livable wage. And as the public housing units are turned into owner-occupied housing, what will happened to the availability of the housing for very low-income earners. Will the market respond by building more affordable housing. I don't think so.

I would say to my colleagues on both sides of the aisle, if we are going to repeal the Brooke amendment, then let's take a serious look at the Frank amendment. The Frank amendment sets a new 30-percent cap that would be the maximum limit for a family's contribution to rent. This amendment also establishes a flexible rent-to-income ratio that would permit very low-income families to pay less than 30 percent of their incomes in rent if the housing authority chose to implement such rent standards.

When I began my career in public service, I wanted to serve my constituents, especially the vulnerable but not evict them. When I came to Washington, I wanted to strengthen families not hurt them. I have nine, count them, nine housing projects in a district that is just under 36 square miles. In those housing projects are people just like those of us sitting in this Chamber. The difference between us and them is circumstances. The people in Nickerson Gardens Imperial Courts, Jordan Downs, or Dana Strands struggle daily to make ends meet. They are not looking for a hand out, they are simply looking for a compassionated hand to assist them in getting by from one day to the next while improving their circumstance. This amendment would help my constituents. A 30-percent maximum cap on rents would help my public houising constituents. If H.R. 2406 is going to repeal the Brooke amendment let's replace it with the Frank amendment. This amendment is sound public policy. After all, we are here to serve the public and not our own political interest. I urge my colleagues to support the Frank amendment, and maintain the goal of providing affordable housing to our working poor.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 4 minutes.

Mr. FRANK of Massachusetts. Mr. Chairman, I am glad the gentleman from New York brought out his chart; it was his chart, and he picked 1982, not as a random number but because that is the point at which he believes the Brooke amendment began to have a negative effect.

Interestingly, that is the year the Brooke amendment was changed. The Brooke amendment began as a limit on the overall amount that could be charged. It never argued for income-based rent in every case. It simply said no matter what your basis is, housing authority, this high and no higher.

In 1981, as part of the Republican program of Ronald Reagan passed by a Republican conservative Democratic coalition, that was changed and it became both the ceiling and a floor. At that point, yes, it did have some unintended negative consequences. The theory was in Gramm-Latta that they did not want to appropriate that much more Federal money, so the reason they did that in 1981 was to force the housing authorities to take more money in than they otherwise would, and that was wrong.

The amendment we are offering today restores the original Brooke amendment, the pre-1981 amendment. It says there will be an overall limit, and that is all it says. In fact, no one has shown any negative effect during that period. We are restoring the Brooke amendment to what it was in the 1960's and the 1970's. In other words, this argument that the gentleman is making about a work disincentive is dead wrong.

As a matter of fact, under the proposal of the gentleman from New York we get a work disincentive, because under his amendment there is a 30-percent cap on income for people who are on welfare, 30 percent of the median or below. Under his amendment, if a person gets off welfare and goes to work, then their rent can go up by more than their income. He has the disincentive.

Why so illogical? Partly to try to get the votes, but partly because again this is an effort to say if we do not appropriate the money, we are going to get it out of the tenants.

Do the housing authorities have any strong objection to raising the rents on the tenants? Surprisingly, not. But I do not believe that that should direct our policy. So we would simply return to the days of the Brooke amendment before it had any negative consequences. This is a ceiling. It is not a floor. It had no work disincentives in the 1960's and 1970's. It would have none again.

Ms. WATERS. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentlewoman from California.

Ms. WATERS. Mr. Chairman, the gentleman from Massachusetts [Mr. FRANK] has stated it and I think it should be understood. But I want to be clear, will the housing authorities have the ability to raise the rents as high as they would like to, above the 30 percent, regardless of ability to pay.

Mr. FRANK of Massachusetts. Yes. And under the amendment of the gentleman from New York, what he says is this. He said it in his argument: If we limit the housing authority to 30 percent we are saying, ''Take any factors you want into consideration, geography, whatever, but do not go above 30 percent.'' They will charge the tenant more rent that if we say to them, ''Set the rent on whatever basis you want but there is no cap.'' I have never before heard that imposing a limit in fact required people to go higher than if there was no limit.

Mr. Chairman, I yield to the gentlewoman again.

Ms. WATERS. Is this an attempt to get the operating expenses that they rescinded and cut out of the budget, trying to get as much money as they can from the tenant in order to offset the money that they cut from the budget?

Mr. FRANK of Massachusetts. That is absolutely right. Let me just say, my friend from Minnesota just suggested a point. Under their theory, the way to get the rents lower is to let the authorities charge as much as they want. I guess the way to get people to drive more slowly would be to remove the speed limit altogether. The gentleman from Minnesota is right. I voted to go to 65, but maybe if we took the speed limit off altogether people would go lower. This is the logic of the gentleman from New York.

Remember, his amendment says if a person is on welfare and they are making less than 30 percent of the median, they get the protection of the 30-percent cap. He argues again illogically when he says, and I hope he will try to explain this, this is a protection, but if they are working it somehow would become an assault on them. I hope Ed Brooke's original amendment is restored.

Mr. LAZIO of New York. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from New York is recognized for 3 minutes.

Mr. LAZIO of New York. Mr. Chairman, we hear the same old stuff: Keep the status quo. Protect things the way they are. Continue to warehouse the poor. Continue to keep disincentives to work. Penalize the working poor. Raise rents on the poor. Keep things the way they are because that is OK.

It is not OK. It is not acceptable. This bill begins a process of strengthening communities, of making communities healthy, of increasingly having mixed income in developments, in public housing developments, of encouraging people who want to work to go to work, to make sure that a mom who wants to work overtime can do that without fear of getting a 25- or 30-percent tax the day she goes to work.

The Frank amendment destroys that opportunity. It is a disincentive to work. It destroys the ability to have mixed incomes. As long as they wed themselves to the old status quo model of tying income to rent, it will continue to be a disincentive to work and will continue to have the effect of concentrating the poorest of the poor in certain developments. It will continue to have the effect of being a disincentive to have an environment where people and children and families can have a life where they can have hope and opportunity and have a chance at a job. They can do the things that all of us want to do.

We believe in partnerships. We believe in local responsibility. It is ironic that the gentleman from the other side of the aisle is now criticizing the housing authorities. For 30 years the people on the other side of the aisle have said that housing authorities are wonderful, that they should get more help, that they should be trusted more. But now

it is convenient to say, ''Let us not trust local communities anymore. Let us not trust local communities to make these decisions on their own. Let us not trust them to have the right types of income disregards.''

In this bill we have 10 different protections, including a phase-in of rent where we have a situation where rent for some people does go up. We have protections that would allow and facilitate people who want to go out into the work force.

The model here, it is two different visions of America, Mr. Chairman. One vision is a vision of maintaining the status quo, of continuing to condemn the people on State Street to another 30 to 40 years of virtually universal unemployment, of drug-infested apartments, of having situations where there are poorly maintained apartments, as opposed to another vision which would be a vision where we have mixed income and incentives for people to work. People would have the ability to use vouchers to buy their own homes if they want. Residents would be able to buy their own public housing if they want.

By getting back to local involvement, local flexibility, we are in fact encouraging work. We are providing work incentives. The Frank amendment is a job killer. It is a disincentive to work. It will continue to concentrate the poor. It will lead to warehousing of the poor. Our model is a model of hope. It says that if a person is motivated, if they have the opportunity to go to work, they will be able to keep the fruits of their labor without penalty.

Mr. NADLER. Mr. Chairman, I rise in strong support of this amendment, which would restore the Brooke amendment to H.R. 2406. H.R. 2406 repeals this very crucial housing protection, a provision in current law that has for the past 25 years, ensured that low-income families would not be required to pay more than 30 percent of their income on rent. The repeal of the Brooke amendment in this housing bill, would have a very devastating effect on many Americans, forcing thousands out on the street.

This bill reneges on our Nation's promise that Americans who are most in need of housing assistance can afford to receive it.

This protection has provided a critical safety net for those in desperate need and have saved so many from homelessness and destitution.

Mr. Chairman, even with the current protections of the Brooke amendment, homelessness and unacceptable living conditions continues to plague America. There are more than 5 million American renter households, not including the homeless, who have ''worst case'' housing needs, paying more than half of their income for rent, living in substandard housing, or in the most unfortunate cases, both.

This problem afflicts the elderly, working poor families, and others who strive to make ends meet on the minimum wage—a minimum wage, if I might add, which has not kept up with inflation, and has not been raised since 1991, because of staunch Republican opposition.

Securing safe, affordable housing for those who remain poor despite hard work, for children or for those who might be unable to make a living on their own due to health or other reasons, is crucial to the positive development of today's youth and families, the safety and well-being of our elderly, and for our Nation's communities as a whole.

I have many constituents who have contacted me about their fears of what this bill could mean to them. One constituent, who happens to be a quadriplegic, informed me that should the Brooke amendment be repealed, he surely ''would be out on the street,'' and I am further saddened to say that there are many more who would be put in the same situation.

We need to ensure that affordable housing remains available. It is the right thing to do and it is the smart thing to do.

Mr. Chairman, I urge the passage of this very critical amendment in ensuring basic housing protections to thousands of Americans most in need.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today to speak in support of this very important amendment, the reinstatement of the Brooke provision.

A cornerstone of this country's public housing is affordability. The elitist notion that $50 a month is not too much to ask for in rent is the same notion that spurred Marie Antoinette to suggest that France's poor should eat cake if they had no bread.

When you are the poor of the poor, then you have a perspective that few of us in this chamber have ever known or will know. That should not, however, stop us from having common sense about what is fair or what is right.

Setting a 30-percent public housing or assisted housing maximum rent limit based on income is the fair and right thing to do.

Many of us know, or have heard of the personal finance rule that suggests that it is not economically sound to spend more than a third of one's income on rent. This amendment would only make sure we do not ask the poor to do more than is reasonable or possible for them to do.

This amendment would also establish a flexible rent-to-income ratio that would permit very low-income families to pay less than 30-percent of their incomes in rent. This does not make sense for those most vulnerable residents of government-sponsored housing. If we keep affordability in affordable housing we can keep families together and not add to this country's homeless problem.

I would like to thank the sponsors of this amendment for their foresightedness in bringing this amendment before the House for consideration.

Mr. TOWNS. Mr. Chairman, I want to lend my support to the efforts of my colleagues to restore the Brooke amendment.

My congressional district has one of the largest concentrations of public housing in this Nation. Under the Frank amendment, my constituents' rent contribution would still be capped at a maximum of 30 percent of their income.

I would remind my colleagues that public housing is often the only affordable housing for many poor and low-income residents. While the manager's amendment has dramatically improved this bill, it still does not protect low rents for new residents of public housing who have very low incomes, many of them elderly or disabled. Let us not be guilty of using our power to harm. Let us use our power to help.

If this amendment is not adopted residents with median household incomes of less than $7,000 will find themselves making choices between paying their rent or buying food.

Some may feel that budgetary constraints warrant a rent increase for public housing residents. I would say to you that we should not balance the Federal housing budget on the backs of the poor. I would urge my colleagues to support the amendment.

Mrs. KENNELLY. Mr. Chairman, I rise in strong support of the Frank-Gutierrez-Hinchey amendment to restore the Brooke amendment and ensure that low-income families can live in affordable housing. This past March, the Secretary of Housing announced the results of a study showing that our Nation's largest cities are plagued by a lack of affordable housing. Over 5 million families are paying more than half of their income on rent or are living in severely inadequate housing; that figure continues to grow.

Capping rents for tenants in public housing at 30 percent of income ensures that families can afford housing. For many families, it means not having to choose between paying rent or putting food on the table to feed their children.

In my home State of Connecticut alone, 71,000 units that could be affected by repeal of the Brooke amendment. Residents in those units now have stability in their housing costs—something especially important in Connecticut, which has the fourth-highest rent levels in the Nation. Removing the cap could push some of them into the private market, where, according to HUD, an astounding 371,000 households experience housing problems, primarily cost burdens in excess of 30 percent of income. In fact, a two-bedroom apartment in Connecticut is unaffordable to 53 percent of all renter households, the 11th highest rate in the Nation.

Nationally, public housing residents are extremely poor, often with incomes of less than 20 percent of the median. Rather than bring in substantial revenues, raising the percentage of income paid for rent would likely lead to displacement and homelessness.

The Frank amendment helps to restore the goal we all have for public housing: to lift tenants out of poverty, not to perpetuate it. The low incomes of public housing residents are not a result of the Brooke amendment, and repealing it may have just the opposite effect by driving families deeper into poverty. I urge my colleagues to support this important amendment. We need to help the most vulnerable of our population and restoring the Brooke amendment will do just that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. FRANK], as modified.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BAKER of Louisiana. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 196, noes 222, not voting 15, as follows:

[Roll No. 156]

AYES—196

Abercrombie
Ackerman
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Blute
Boehlert
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Flanagan
Foglietta
Ford
Fox
Frank (MA)
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
LaTourette
Levin
Lewis (GA)
Lincoln
Lipinski
Lowey
Luther
Maloney
Manton
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McDermott
McHale
McHugh
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Montgomery
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Quinn
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Rivers
Roemer
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schiff
Schumer
Scott
Serrano
Skaggs
Skelton
Slaughter
Smith (NJ)
Stenholm
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Walsh
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Woolsey
Wynn
Yates

NOES—222

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Boehner
Bonilla
Bono
Brewster
Brownback
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Dickey
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Lofgren
Longley
Lucas
Manzullo
McCollum
McCrery
McDade
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Moorhead
Moran
Morella
Myers
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Petri
Pombo
Porter
Portman
Pryce
Quillen
Radanovich
Riggs
Roberts
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Smith (MI)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Upton
Vucanovich
Walker
Wamp
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—15

Andrews
de la Garza
Frost
Hayes
Houghton
Laughlin
Molinari
Myrick
Paxon
Schroeder
Spratt
Stark
Torricelli
Weldon (PA)
Wise

□ 1301

The Clerk announced the following pair:

On this vote:

Mr. Andrews for, with Mr. Paxon against.

Messrs. LEWIS of California, CHRISTENSEN, KASICH, COOLEY, and CARDIN changed their vote from ''aye'' to ''no.''

Mr. BLUTE changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 11 OFFERED BY MR. HINCHEY

The CHAIRMAN. Are there further amendments to title II?

Mr. HINCHEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 11 offered by Mr. HINCHEY: Page 76, after line 16, insert the following:

Notwithstanding any other provision of this subsection, the amount paid by an elderly family or a disabled family for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income.

Page 157, after line 26, insert the following new subsection:

(b) LIMITATON.—Notwithstanding any other provision of this section, the amount paid by an assisted family that is an elderly family or a disabled family, for monthly rent for an assisted dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, may not exceed 30 percent of the family's adjusted monthly income.

Page 158, line 1, strike ''(b)'' and insert ''(c)''.

Page 158, line 9, strike ''(c)'' and insert ''(d)''.

Page 159, line 1, strike ''(d)'' and insert ''(e)''.

Page 172, line 11, before the period insert the following:

; except that in the case of an assisted family that is an elderly family or a disabled family, the amount of the monthly assistance payment shall be the amount by which such payment standard exceeds the lesser of the amount of the resident contribution determined in accordance with section 322 or 30 percent of the family's adjusted monthly income.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from New York [Mr. HINCHEY] and a Member opposed will each control 5 minutes.

Does the gentleman from New York [Mr. LAZIO] seek the time in opposition?

Mr. LAZIO of New York. Mr. Chairman, yes.

The CHAIRMAN. The gentleman from New York [Mr. LAZIO] will control 5 minutes.

The Chair recognizes the gentleman from New York [Mr. HINCHEY]

Mr. HINCHEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is the case of the purloined amendment. A short time ago I was appalled to see here in the House an attempt by the opposition, the other side, to steal this amendment and to offer it as a substitute for the Frank-Gutierrez amendment which was just before the House a moment ago. Fortunately, Mr. Chairman, wiser heads prevailed over there and that amendment was withdrawn.

Mr. Chairman, the amendment that I am offering would preserve a narrowly targeted version of the Brooke amendment. It would protect seniors and disabled residents, who are the most vulnerable members of our society, from further rent increases.

Senior citizens currently comprise 42 percent of our Nation's public housing, and over a million seniors and disabled tenants currently reside in public and assisted housing. In the State of New York, for example, senior and disabled citizens reside in about one in two public housing households. In my district in the upstate region that number is significantly higher.

As I have traveled around in recent months, I have heard from many seniors who fear the burden of higher rent payments with the proposed repeal of the Brook amendment as it is proposed in the current bill before us.

The CHAIRMAN. The Chair would point out to the gentleman from New York [Mr. HINCHEY] that the amendment goes into not only title II but

title III. The Chair would appreciate it if the gentleman would ask unanimous consent that the amendment be considered en bloc so that we could cover both titles.

Mr. HINCHEY. Mr. Chairman, I ask unanimous consent that the amendment be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. LAZIO of New York. Mr. Chairman, reserving the right to object, I want to note that earlier when this side made an effort to make a unanimous-consent request to take care of this issue, we would have disposed of this issue earlier if we had been afforded the same comity that I now offer to the other side.

Mr. Chairman, I withdraw my reservation of objection.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HINCHEY. Mr. Chairman, I express my appreciation to the gentleman from New York [Mr. LAZIO], the subcommittee chairman, particularly for the agreement that he made with me last night that this amendment would be before the House shortly after the Frank amendment, and I appreciate that.

Mr. Chairman, I wanted to mention that a number of seniors around the country, and particularly in my district and elsewhere, are concerned about the bill that is currently before us.

For example, Jean Austin of Liberty, NY, wrote me earlier this year to say the following, and I quote:

> I read in the paper that Republicans in the House and Senate want to raise rents for the elderly. Sir, I have an income of $567 per month to live on. There are many people my age that get far less than I do. What is going to happen to them? Will they join the homeless on the streets because we can't afford to keep our homes? Please, I beg you, help us.

That is what this amendment tries to do, Mr. Chairman. It tries to help people like Jean Austin. Since the Great Depression, the Federal Government has pledged to help provide a decent standard of living for people during their golden years, and to protect them from poverty and homelessness.

This support is symbolized by the Social Security Program, and affordable housing has become another key element of that promise.

During the past year the standard of living of seniors has come under very serious attack. The elderly have been told that they must pay substantially more for medical services due to rising health care costs and proposed reductions in the Medicare Program. They have been faced with higher costs of food, utilities, and other basic items due to proposed broad cuts in food stamps, the Low-Income Home Energy Assistance Program, and other essential Federal programs.

Now, Mr. Chairman, with the proposed elimination of the Brooke amendment in H.R. 2406, we are telling them that they have to pay substantially more to keep a roof over their heads. Under H.R. 2406, as amended by the manager's amendment, about one in three new elderly tenants would potentially be forced to pay upwards of more than $400 per year in increased rent.

Mr. Chairman, I include a letter from the American Association of Retired Persons for the RECORD:

AMERICAN ASSOCIATION OF RETIRED PERSONS,
Washington, DC, May 7, 1996.

Hon. MAURICE D. HINCHEY,
Longworth House Office Building,
Washington, DC.

DEAR REPRESENTATIVE HINCHEY: I am writing to express the support of the American Association of Retired Persons (AARP) for your amendment to H.R. 2406 which would restore limits on the amount that low-income seniors and disabled must pay for rent in public and assisted housing.

AARP generally supports enhancing local housing authority discretion and broadening the income mix of tenants housed in public and assisted housing. Allowing more mixed income housing should improve the quality of service in housing communities and the responsiveness of housing providers to their tenants. AARP believes, however, that H.R. 2406 goes too far in removing all income targeting and all limitations on the percentage of income that tenants must spend on rent.

The Association strongly supports your amendment to restore limits on the amount of income paid by the poorest and most vulnerable tenants of public and assisted housing. We understand the necessity of generating sufficient income to maintain the housing stock in the face of diminishing federal resources. Eliminating the preference rules and broadening the income targeting will provide increased revenues over time that should help bridge that gap. Some have suggested that the current limit on rents is a disincentive to employment for tenants. Whatever the merits of this argument, it should be obvious that it has little applicability to the elderly and disabled. Eighty percent of the elderly living in public and assisted housing are women living alone whose average age is in the late 70's.

The federal government should stand by its responsibility to help the poorest tenants by providing adequate operating subsidies, not reducing rental assistance. Older tenants, whose incomes average less than $7,500 per year, will be facing less assistance from food stamps and other essential services. To add major rent increases on top of these other cuts will cause more problems than it will solve for local housing authorities.

AARP appreciates your leadership in offering this amendment. If we can be of assistance on these or other issues, please do not hesitate to have your staff contact Jo Reed of our Federal Affairs staff at 434–3800.

Sincerely,

KEVIN J. DONNELLAN,
Acting Director,
Legislation and Public Policy.

Mr. LAZIO of New York. Mr. Chairman, will the gentleman yield?

Mr. HINCHEY. I yield to the gentleman from New York.

Mr. LAZIO of New York. Mr. Chairman, just for the sake of clarity, I want to make sure that Members know and so that there is no misinterpretation, under the current version of the bill seniors are protected. The people who are in public housing right now have had Brooke-type ceiling protections. We do not want to mischaracterize the way the bill currently is.

Mr. HINCHEY. Mr. Chairman, reclaiming my time, the gentleman is correct. This amendment clearly deals with new tenants coming into housing. There is a turnaround of about 15 percent a year in subsidized housing alone.

Any senior citizen or disabled resident who is making more than 30 percent of area median income, which is roughly equivalent to the earnings of a minimum-wage earner, will be left out in the cold under the present bill. An estimated 135,000 elderly households in public housing alone can be expected to be left unprotected by the present bill that is before the House. Another 17,000 disabled households would be left unprotected by the bill that is currently before the House.

Mr. Chairman, the numbers that I am giving relate only to those who live in public housing. It does not begin to tell the story of the additional tens of thousands of elderly and disabled, frail elderly and disabled who are in assisted housing.

How are these families going to afford to pay higher rents if they must also pay hundreds more for their health care, food, and other basic necessities? Many households will be forced to choose between housing and health care, food and medicine, and many families are going to end up on the street as a result if this amendment is not adopted.

Mr. Chairman, my amendment would simply preserve a narrowly tailored form of the current rent ceiling named for a Republican Senator, passed by a Republican Senate, and signed into law by a Republican President. It is intended to preserve a minimum standard of living for the most vulnerable members of our society: Our frail elderly seniors and disabled people who are unable to work even part-time to supplement their income.

Mr. Chairman, I urge the adoption of this amendment. It is the only reasonable thing to do to correct a serious deficiency in the bill currently before the House.

Mr. LAZIO of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill that we have currently before us protects seniors in every way that the minority has urged. It protects the disabled population. No senior, no person who happens to be disabled who happens to be in public housing will not have the protection that they previously had.

The question over here is whether we will extend protection to people not yet in public housing, not yet using vouchers, to pursue housing options. In the last amendment I offered to support an effort to try and extend this to seniors prospectively, for future seniors to come in, for future people who might have disabilities to come into public and assisted housing.

The bill as it is now is already supported by the American Association of Homes and Services for the Aged; American Seniors Housing Association; the National Apartment Association, and various other associations that exclusively deal with housing for seniors.

Mr. Chairman, I am supportive of the effort to extend those protections further and I am happy to support this amendment. We could have done this through the last amendment, but through a unanimous consent request we failed to get the opportunity to make that offer. I am happy at this time to support this, and urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. HINCHEY].

The amendment was agreed to.

AMENDMENTS NO. 14 AND 18 OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The Clerk will designate the amendments.

The text of the amendments is as follows:

Amendments No. 14 and 18 offered by Mr. KENNEDY of Massachusetts: AMENDMENT NO. 14: Page 76, after line 16, insert the following:

Notwithstanding any other provision of this subsection, the amount paid by a family whose head (or whose spouse) is a veteran (as such term is defined in section 203(b) of the National Housing Act) for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income.

Amendment No. 18: Page 157, after line 26, insert the following new subsection:

(b) LIMITATION.—Notwithstanding any other provision of this section, the amount paid by an assisted family whose head (or whose spouse) is a veteran (as such term is defined in section 203(b) of the National Housing Act) for monthly rent for an assisted dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling of the applicable size and located in the market area in which such assisted dwelling unit is located may not exceed 30 percent of the family's adjusted monthly income.

Page 158, line 1, strike ''(b)'' and insert ''(c)''.

Page 158, line 9, strike ''(c)'' and insert ''(d)''.

Page 159, line 1, strike ''(d)'' and insert ''(e)''.

Page 172, line 9, strike ''exceeds'' insert ''(A)''.

Page 172, line 11, before the period insert the following: '', or (B) in the case of a family whose head (or whose spouse) is a veteran (as such term is defined in section 203(b) of the National Housing Act), the lesser of the amount of such resident contribution or 30 percent of the family's adjusted monthly income''.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Massachusetts [Mr. KENNEDY] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment very simply provides some basic protections to America's veterans. These are two amendments which would continue and extend the Brooke protections to the people that have stood up and fought for this country, that have served in our country's military, that in many cases—as the gentleman from Mississippi [Mr. MONTGOMERY] knows all too well, who is going to speak on this amendment—when we visit homeless shelters around America, far too often we see one thing that the homeless have in common, and that is that they served in this Nation's military.

What we find is that there are now tens of thousands of veterans that are trying to get themselves back on their feet, that are learning to go back to work, learning skills to rid themselves of drug and alcohol problems, to deal with some of the psychological and other difficulties that they had faced throughout their lifetime, and they are back on the road to recovery, to becoming part of mainstream America.

This amendment as it is currently constituted, the way that the bill currently works, would not provide the Brooke protections to people that have minimum wage jobs.

□ 1315

That means our Nation's veterans would go unprotected. I just think that if we are going to protect the very poor, if we are going to protect our senior citizens, if we are going to protect the disabled, I would hope that we would find it in our hearts to protect our Nation's veterans at the same time.

With that, Mr. Chairman, I yield 1 minute to the gentleman from Mississippi [Mr. MONTGOMERY], my good friend and former chairman of the Committee on Veterans' Affairs.

(Mr. MONTGOMERY asked and was given permission to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Chairman, I thank the gentleman for yielding time to me.

Really one of the biggest problems we have had with veterans is, again, getting them out of the homeless areas and trying to get them into the housing to improve their lives. We have done everything to try to get them off the streets. About 25 percent of the people homeless today on Washington, DC streets are veterans.

Let us not put a hindrance in front of them. Let us not make it harder for them to get into these housing units. I know some of them make the minimum wage and would probably have their rates raised in these housing units. So I think the gentleman has got a good amendment. I hope the other side would accept it. I certainly support this amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I thank General MONTGOMERY for all the work he does on behalf of our Nation's veterans. It has been a pleasure to serve with him in the Congress, and we are going to continue to keep his memory alive on that committee long after he chooses to leave.

Mr. Chairman, I yield back the balance of my time.

Mr. LAZIO of New York. Mr. Chairman, I yield myself such time as I may consume.

I wonder if I could engage the gentleman from Massachusetts in a colloquy over this. I certainly support his efforts to protect American veterans. I believe the vast majority of veterans would fall under the protections we have in this bill, because many of our Nation's veterans are now seniors, having served our country in the Korean War, and World War II. There are even veterans who have served in the Vietnam war and who are now seniors. They would all have the protections under this bill.

What we are talking about is carrying this protection to younger veterans as opposed to older veterans. I wonder if I could turn to my friend, the gentleman from Massachusetts, if he could give me some information about how many people we might be talking about in terms of this veterans population, if he has any information about the specifics?

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, as the chairman is aware, the one area that we do provide a veterans preference in this country is housing. So there are not statistics kept by HUD or local housing authorities in terms of veterans status. But the truth of the matter is that you are right, we are going to protect some veterans, some older veterans in terms of the senior citizens protections. You are going to protect some very, very poor veterans.

But the truth is that I have worked very hard with people on your side of the aisle in the Committee on Veterans' Affairs to establish a number of programs that work in conjunction with housing authorities and voucher programs to make certain that we transit people out of homelessness and into mainstream society, those individuals. And thousands of them participate very much in the very programs that the Brooke amendment would not longer provide protections to.

Mr. LAZIO of New York. Reclaiming my time, Mr. Chairman, we are through the bill already protecting people who are what I would classify as the poorest of the poor. Veterans who are basically homeless would already be protected against dramatic rent increases in the way that you would suggest. The bill already covers those people. It already covers Americans who happen to be senior citizens, a large percentage of those who are veterans.

I would like to work with the gentleman. I think one of the problems that we are going to have is to work through a methodology since HUD does not have the ability, a current ability, an immediate availability of information that would determine who the veterans are in a particular population to identify that.

I would be happy to work through this with the gentleman in establishing a good database and ensuring that HUD has the information to assess who are ensuring that HUD has the information to assess who are veterans and who are not and who needs to be protected.

Mr. KENNEDY of Massachusetts. Mr. Chairman, if the gentleman will continue to yield, I appreciate the gentleman's offer for a study. I am not sure that that is what is called for here.

I think what we ought to be doing is trying to make sure that we provide this as a basic protection to our Nation's veterans. I think that might cost a small amount of money to make sure that those veterans do not have their rents jacked up, just as they are on their way to recovery.

Mr. LAZIO of New York. The issue for me is not the money on this. I am not asking for a study. I am simply saying, I look forward to working with you so that HUD has sufficient information to implement this plan.

Mr. KENNEDY of Massachusetts. I appreciate the gentleman's offer to go out and gather additional information. I very much believe that this is a basic minimum protection which we can take care of in the next few minutes. I would hope that the rest of the Members of the Congress of the United States would support the amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Massachusetts [Mr. KENNEDY].

The amendments were agreed to.

The CHAIRMAN. Are there other amendments to title II?

Mr. KENNEDY of Massachusetts. Mr. Chairman, I ask unanimous consent that it now be in order to consider amendment No. 17 without prejudice to other amendments in title II.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AMENDMENT NO. 17 OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 17 offered by Mr. KENNEDY of Massachusetts: Page 152, after line 2, insert the following new subsection:

(b) INCOME TARGETING.—Of the families initially assisted under this title by a local housing and management authority in any year, not less than 75 percent shall be families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families. The Secretary may establish income ceiling higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Page 152, line 3, strike ''(b)'' and insert ''(c)''.

Page 152, line 18, strike ''(c)'' and insert ''(d)''.

Page 153, line 11, strike ''(d)'' and insert ''(e)''.

Page 153, line 16, strike ''(c)'' and insert ''(d)''.

Page 154, line 11, strike ''(e)'' and insert ''(f)''.

Page 155, line 16, strike ''(f)'' and insert ''(g)''.

Page 156, line 1, strike ''(g)'' and insert ''(h)''.

Page 156, line 15, strike ''(h)'' and insert ''(i)''.

The CHAIRMAN. Pursuant to the order of the committee of Wednesday, May 8, 1996, the gentleman from Massachusetts [Mr. KENNEDY] and a Member opposed will each be recognized for 30 minutes.

Does the gentleman from New York [Mr. LAZIO] seek to control the time in opposition?

Mr. LAZIO of New York. Mr. Chairman, I do.

The CHAIRMAN. The gentleman from New York [Mr. LAZIO] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment goes to the heart of how we are going to take care of the working people and the poor of this country. This amendment goes to the heart of the changes that take place in this bill. We have seen the Congress in the last few minutes repeal the protections of the Brooke amendment. Now the question becomes whether or not, on top of that, we are going to also repeal the targets of the protections that we provide by virtue of the housing vouchers and public housing units that are given by the people of this country, whether or not those should go to the working people and the poor of America or whether they should go on up the income stream to a point where people whose incomes are 300 or 400 percent above the poverty line will all of a sudden become eligible.

Mr. Chairman, this bill does a perverse thing. We cut the amount of money going into public housing dramatically. We cut the amount of money going into the voucher program dramatically, but we then increase the eligibility of the families that will be qualified for these housing units by a factor of three or four. So three or four times as many people, if this bill is passed unamended, will be eligible for a lesser number of housing units.

Now, to add insult to injury, we then are eliminating the basic fundamental protections that say that the majority of those housing units ought to go to the most vulnerable people in this society. This is a concept that an organization as conservative as the Heritage Foundation has endorsed. It is one thing to say, let us not concentrate poor people in these monstrosities that we have seen paraded on the House floor in the form of these various pictures. But the housing voucher program does not warehouse the poor. The housing voucher program simply gives individuals a housing voucher. That voucher can be taken anywhere that individual chooses to live.

Mr. Chairman, the statistics on where they choose to live are rather enlightening. Most voucher holders, nearly all of whom meet the current targeting requirements in the law, live in neighborhoods where less than 25 percent of the households are considered poor. Forty percent of the voucher holders live in neighborhoods where less than 10 percent of the neighborhood is poor.

So this is not a question of warehousing poor people, as I am sure we are going to hear the opposite side suggest. This is simply a question of whether or not we are going to target the resources, the meager resources that we put into public housing, that we put into the voucher program, to go to those in greatest need.

We have seen an unbelievable number of very poor people in this country grow over the course of the last 15 years. The statistics are alarming. The number of homeless Americans, the number of people without any shelter has grown substantially. We have actually cut out almost 500,000 units of housing in the United States of America that goes to very poor people. At the same time, if you go up the income stream a little bit, not that people are well off, but if you go up the income stream just a little bit to people within 300 or 400 percent of the poverty line, you are going to find that there are over half a million new units of housing for those people's needs. It is already enough.

But to suggest in this bill that we eliminate the Brooke amendment and then we come back and say that we are no longer going to target this housing to the very poor, I think, is a very dangerous policy which in fact will go out and create homelessness in America.

Mr. Chairman, we are verging on a brave new world where we turn to the people of America, we blame public housing authorities, we blame the voucher program for creating this warehousing of the poor. We then cut the money that goes into trying to assist them and then we come back and say we are going to jack up the eligibility requirements, which means that there is one group of losers. That group of losers happens to be the most vulnerable people in this country.

So, yes, all the housing authorities will like these changes, because, of course, it insulates them from having to take care of the most vulnerable

people in the country. But what is it, why are we here in the Congress? Where are we, what kinds of public policies are we trying to incorporate? It is not just to look out after those that can look out after themselves. It is to have a compassionate country, to look out after the vulnerable.

My goodness, we cannot just blame these housing monstrosities, blame everything that we do as a country to look out after poor people and say, look, none of it ever works and, therefore, we turn our backs on the poor and say we are not going to do anything to help them. Let us have some compassion in how we choose to deal with these problems. The voucher program does not warehouse the poor. The voucher program will not lose money for the Federal Government.

Let us continue to provide the voucher program, with the targeting that says to make sure that the most vulnerable people in this country get the resources, the meager resources that we have allocated in this bill.

Mr. Chairman, I reserve the balance of my time.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, again, the argument is between local control and community control and continuing to have a Washington-based, one-size-fits-all solution for every community in the Nation.

The other side of the aisle continues to argue that every community in the Nation ought to live under the same rules, regardless of whether that means moving to the lowest common denominator, regardless of individual characteristics of communities throughout our Nation, regardless of the quality of the neighborhoods and the quality of the life of the people that are impacted.

We are saying in this bill, Mr. Chairman, that 50 percent or half of the vouchers and certificates that are available most go to the poorest of the poor, those below 60 percent of median income. If a housing authority wants to give 100 percent of their vouchers and certificates to people below 30 percent or below 20 percent or with no income at all, they can do it. There is no prohibition to that.

What we are saying is that housing authorities need to have flexibility. Why should a family who is at the point of 32 percent of median income be denied a voucher, which would be the case under the Kennedy amendment? Why should a family who is at 35 percent of median income, as opposed to 30 percent or 29 percent, be denied the ability to have a voucher?

Mr. Chairman, the Kennedy amendment, the gentleman from Massachusetts [Mr. KENNEDY], who I have a great deal of respect for, ties the hands of housing authorities, inhibits flexibility, prohibits local control. We are saying that there may be situations where people who are pursuing work may need more flexibility. They should be able to be retained in public housing without being thrown out or not being able to be afforded a voucher because they are somehow at 31 or 32 or 35 or 38 percent of median income as opposed to 29 or 30 percent.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentlewoman from California [Ms. WATERS].

□ 1330

Ms. WATERS. Mr. Chairman, this is very, very interesting. My friend, the chairman of the committee, has just expanded, would like to expand, rental assistance so that they pull in more people making more money, up to $40,000 that they could make under his proposal. One would be able to earn $40,000 and get rental assistance.

What he does not do is protect those, no, he does not protect those who really need it, who make very little money, 30 percent of median income, and this is very interesting. At the same time that he is talking about reducing Government's involvement in peoples' lives, at the same time that they are talking about shrinking Government, he just opened it up so that people earning $40,000 could avail themselves of rental assistance. Yet we know that it is those who earn very little money who need it, those who earn very little money that can go out in the marketplace and find a home, those women and children who desperately need to get assistance. He is squeezing them out of the market.

This is unbelievable. I am surprised that he would take this approach. It is indeed not to be supported.

The gentleman from Massachusetts [Mr. KENNEDY] is saying let us protect the poorest of the poor, let us make sure that 75 percent of those who earn very little money, who are only at 30 percent, will have the ability to go out and get assisted and have a place for them and their children to live.

I think, again, the chairman may be a little bit confused about the direction that his legislation is taking. It is very simple. Does the gentleman want to expand it, get more people at higher incomes? Does the gentleman want to protect the poorest of the poor? Does the gentleman want to make sure that families who would have no other place, no way to get assistance, are protected or in this legislation? The answer to that, I think most people will conclude, is that we want to protect those who do not have the ability to purchase housing.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, once again we are talking about insuring that people who are working who have, possibly, disabilities, people who are seniors, Americans who are seniors, also have the ability to get choice-based vouchers.

The gentlewoman said this would potentially go to people making $40,000 a year. There is not a neighborhood, an area of the country, that would be able to get vouchers under this provision at $40,000 a year.

The national median is about $38,000 a year in terms of median income. We are saying at least half of those people, half of the vouchers, must go to Americans at 60 percent of that, or $22,000.

If the housing authority wanted to target all of its vouchers to the people at the bottom 10 percent, they have the ability to do that.

What we are saying is that we are going to allow for safety provision in respect to the concern that many have that at least half of all the vouchers must go to the bottom 60 percent of the population.

It is eminently fair.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, on a factual basis, let me just read to the gentleman from New York [Mr. LAZIO] the fact that Los Angeles, Long Beach, 80 percent of median is $40,000; New York City is $39,200. The gentleman's own district is $40,000.

Mr. LAZIO of New York. Mr. Chairman, reclaiming my time, what the bill, what our bill, has is 60 percent of median income, not medium income, not 80 percent of median income. It is 60 percent of median income.

Now, without saying that a housing authority could not target all of its assistance to the bottom 10 percent, I know the gentleman from Louisiana [Mr. BAKER] wanted to——

Mr. KENNEDY of Massachusetts. Mr. Chairman, if the gentleman would yield just so I can understand the amendment, my understanding was that it only limited 50 percent of the units to go to the incomes at 60 percent of median.

Mr. LAZIO of New York. Reclaiming my time, at least 60 percent of the units. We could have 100 percent of the units at 30 percent, 20 percent, or 10 percent.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 20 seconds.

The gentleman is correct that he gives the housing authorities the right to take in poor people, but the gentleman has also pointed out time and time again over the course of the last several hours the fact that housing authorities are in need of funds. The only way they can get those funds is by bringing in upper-income people. And so, therefore, none of the housing projects, none of the housing authorities, are going to, in fact, take advantage of this opportunity that the chairman has provided.

Mr. Chairman, I yield 3 minutes to the gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Mr. Chairman, I rise in strong support of the amendment of the gentleman from Massachusetts, Mr. KENNEDY's amendment, which maintains income targeting at levels that protect very-low-income families in the section 8

tenant-based assistance program. The Kennedy amendment is necessary to address the provisions in this bill that detrimentally impact the lives of thousands of very-low-income families who rely on section 8 housing assistance.

Today, current law ensures that all new vouchers and 25 percent of all certificates are provided to very-low-income families. The legislation before us, however, allows housing authorities to set their own targets as long as 50 percent of vouchers go to individuals earning 60 percent or less of area median income. This means that in cities like Los Angeles, those earning 250 times the poverty level, or put another way, as the gentlewoman from California [Ms. WATERS] has stated, families of four earning $40,000 a year, would qualify for half of the city's housing vouchers, leaving many low-income families without vouchers and forced to pay market rents or, worse, become homeless.

This is not the intent of public and assisted housing.

Furthermore, although achieving income mix is an important goal, the weakening of income targeting in the voucher system is unnecessary because tenants are already free to move to areas of their own choosing.

The success of the current program is evidenced by the fact that most section 8 tenants live in neighborhoods where less than one-quarter of the residents are poor.

Reducing income targeting for voucher holders has no basis.

Although provisions in the manager's amendment help to improve the bill, it still does not have the guarantees of Mr. KENNEDY's amendment. By insuring that at least 75 percent of vouchers go to families earning less than 30 percent of area median income, Mr. KENNEDY's amendment will allow for an income mix while maintaining assistance for those who need it most.

Mr. KENNEDY's amendment upholds the intent and integrity of our Nation's assisted housing program. I encourage all my colleagues from both sides of the aisle to vote for the Kennedy amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 2 minutes.

We have had discussions, several discussions, with the gentleman from Massachusetts [Mr. KENNEDY] in terms of trying to work out a compromise that meets the primary concerns that he has and I share, and I would yield to the gentleman from Massachusetts to describe his understanding of the agreement that we have just entered into.

Mr. KENNEDY of Massachusetts. My understanding is that my friend, the gentleman who is chairman of this committee, has offered on assisted housing to raise the limit, to strike the 75 percent and include 40 percent, which would, I believe, be a significant improvement in the number of units that would be targeted to lower income people, and on public housing he has agreed to raise the limit from 30 to 35 percent that would go to very-low-income people. And I think that that is an improvement as well, and I appreciate the gentleman.

Is that the gentleman's understanding of what we just talked about?

Mr. LAZIO of New York. Reclaiming my time, Mr. Chairman.

The CHAIRMAN. Before the gentleman does that, is there an agreement that someone is proposing?

Mr. KENNEDY of Massachusetts. There is not as yet an agreement that we are proposing, Mr. Chairman. We are in a situation where we are clarifying our understanding.

The CHAIRMAN. If that is the case, then the gentleman from New York still has 45 seconds remaining.

Mr. LAZIO of New York. Mr. Chairman, the gentleman from Massachusetts correctly states my understanding as well on what I am willing to support. I appreciate his cooperation and collaboration.

I would ask for guidance from the Chair whether we need to consider this en bloc in terms of making the amendment and what the correct process is.

The CHAIRMAN. What the Chair would request and the reason the Chair suspended the action just a moment ago is that we would like to have the agreement in writing so either as an amendment to the existing amendments en bloc or a clean substitute so that we might accurately be able to reflect the intent of the agreement legislatively.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. It would be my proposal that, reflecting the agreement that the two of us just stated, that our staffs get together and try to write out the language. We will submit it to the parliamentarian to make certain that it is parliamentarily correct, and in the interim I would suggest that we continue to have the debate on some of the larger issues that pertain as well and would continue to pertain to the issue.

The CHAIRMAN. In the interest of time, the Chair would ask whether or not the gentleman would like to ask unanimous consent to withdraw this amendment, to go on the other amendments, if there is indeed an agreement?

Mr. KENNEDY of Massachusetts. Mr. Chairman, I would, but the trouble is that my amendment is next as well.

We will do this quickly, Mr. Chairman.

Mr. Chairman, I yield 2 minutes to the gentlewoman from new York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Chairman, I rise in support of the Kennedy amendment. The far-right minority has inserted a shameful anti-family, anti-senior, anti-child provision into the housing bill.

H.R. 2406 includes an extreme measure that would eliminate Federal preferences requiring public housing authorities to give the most needy families a place to live.

As the Representative of a district with one of the highest concentration of public housing, I know firsthand how important income targeting is for the working poor. Yet this legislation will leave thousands of homeless families and seniors with no hope of finding a place to live.

Without income targeting, families marking up to $40,000 a year would have access to public housing while homeless elderly, single mothers with children, and the poorest families will be left to live out in the streets.

With such high stake, I cannot think of any justifiable reason to limit poor people's access to public housing. The Kennedy amendment will ensure that public housing in available for people who need it most. I urge my colleagues on both sides of the aisle to reject such harsh provisions and vote in favor of the Kennedy amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I think we are on the verge of working out an understanding that the gentleman from Massachusetts [Mr. KENNEDY], and I have reached in terms of appropriate levels of income targeting that would also provide for substantial flexibility on the part of local communities to make choices and attain the ultimate goal of income mix which is so important in terms of viability in our Nation's communities.

I am thinking about different discussions I have had over the last few years, particularly those over the past 2 years as chairman of this housing committee. I remember one in particular with a young lady who was a resident of a Job Corps center in south Bronx, a very underprivileged areas.

Mr. Chairman, she was about 19 years old, and I remember her saying to me, ''Mr. LAZZIO, you know, I never knew how to write a check before I got here, I never knew how to open up a checking account, I never understood how to create a résumé or even what a résumé was until I got to this place, and I am learning the tools to transition back into the marketplace.''

Mr. Chairman, one of the reasons why there are far too many Americans who are able to say the same thing is because we are concentrating poverty in certain areas; we are not achieving the income mix that most of America is lucky enough and privileged enough to know.

□ 1345

In an effort to try to achieve a healthier income mix, I think we are moving in the right direction in terms of the agreement that I believe we are going to enter into with the gentleman from Massachusetts [Mr. KENNEDY].

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I yield to the gentleman from Minnesota.

Mr. VENTO. First of all, Mr. Chairman, I concur with the gentleman in terms of the concentration of low-income persons in public housing. Earlier, when the gentleman had a chart on the floor in the past amendment, I had wanted to point out one of the other phenomena was the absolute focusing in the early 1980's in terms of trying to serve the lowest income persons in public housing. That also attributed to that decline in income, because obviously there are various reasons why people have low income. It may be a cultural problem.

For instance, in the district I represent, I have a big influx of Southeast Asians, the Hmong. They simply have not all been able to afford or gain jobs that pay a lot of income. Their concentration in public housing, incidentally, has in fact contributed to that type of phenomenon.

Then the other issue is, of course, the affordability of owner-occupied housing, which would be all of our preferences. But these factors have, in fact, been trying to get a mix. The concern that I had with the gentleman's amendment was not the issue of trying to get a mix. Indeed, the gentleman is right, local authorities could go down to very low-income levels. But the phenomenon was, the option was that they may also do what I would characterize as creaming.

Mr. LAZIO of New York. Mr. Chairman, if I could reclaim my time, I hope the gentleman will support the agreement and compromise that we are working out together. Also, again, one of the core principles that we are trying to advance here is that it is one of our responsibilities here in this body, this House, to assure that we do not just warehouse the poor, but that we help transform them.

Mr. KENNEDY of Massachusetts. Mr. Chairman I yield 1 minute to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. I appreciate the gentleman from Massachusetts yielding time to me.

Mr. Chairman, I think unfortunately what has happened is that low-income persons have ended up concentrated in the public or assisted housing programs. Frankly, Mr. Chairman, as I said yesterday, the housing with most problems in my district is not the public and assisted housing, but it is the private multifamily dwellings which are overcrowded and which have such severe problems. So it is quite the converse.

As I was saying, there are good housing authorities and there are some that are not so good. We hope that by virtue of this bill, the gentleman, with his insights, will in fact accomplish a miracle and make those not so good housing authorities much improved. The fact is that some are going to improve and some may not. One way they may solve their problem is by just creaming. If we do not have income targeting, housing authorities will take those clients that are most likely to be successful and that have higher incomes. That then leaves others who do not get the housing assistance with the nonprofits, with the Government, and on the street in some cases.

Unfortunately, when we think about it, in 1975 we had very little homelessness. Today we have a significant amount. Things have changed.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes to my friend, the gentleman from New York [Mr. FLAKE].

Mr. FLAKE. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, this is an important portion of the bill. I think it is a good thing to see the chairman of the subcommittee and the ranking member come together with an agreement that I think is much fairer than the original legislation proposed in the committee markup. Clearly, I think there are those who really do not understand, or do understand and really do not give credence to the fact, that many persons who would get vouchers under many of the programs that have been proposed, regardless of whether the voucher indicates they could go to any community and trade their voucher in for housing, would be at a major disadvantage in that there are communities, there are places, where people would not open their doors readily to them. They would not respond, for instance, to families that have children because it has been a history that in many instances, those homes would not be able to maintain not only the stand of their value, but also in many instances there would be destruction of those homes.

It seems to me that as we consider the amendment that is now proposed between the gentleman from New York [Mr. LAZIO] and the gentleman from Massachusetts [Mr. KENNEDY], we have moved closer to the direction of assuring that there is a possibility of those persons who are at the lowest income level being able to have access to affordable housing, while at the same time creating an opportunity for persons who can move into these houses, who have jobs, to be able to create the necessary kind of environment.

Mr. Chairman, I do not know whether the gentleman remembers, but several years ago my MINKS program, which was a demonstration project which was tried in Chicago and other places, essentially spoke to the kind of concern that the gentleman raised here. It is not that Democrats do not understand that necessity for trying to have a mixed population base, but we do not want to be in a position where a local housing authority can in fact have so much authority that it puts those persons out who have the greatest needs, while trying to market itself to bring into those developments individuals who can go to the market and get adequate housing and can afford to pay for it.

So I hope that we will all support the agreement that the gentleman from Massachusetts [Mr. KENNEDY] and the gentleman from New York [Mr. LAZIO] are supporting now.

Mr KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. GONZALEZ], the former chairman of our committee.

Mr. GONZALEZ. Mr. Chairman, historically, public and assisted housing units were available to every applicant whose income was up to 80 percent of median income.

This policy was changed by the Gramm-Latta Act of 1981, which restricted eligibility almost entirely to those earning less than 50 percent of median income.

In this amendment we are addressing a separate issue. We are talking about trying to achieve more economic mix in our privately owned affordable housing, a house here and a house there.

And we are talking about providing sufficient resources to move people who have little housing choice in decent and affordable housing.

Most of the families below 30 percent of medium income, the poorest of the poor, cannot find affordable housing. They have worst case housing needs.

It is only reasonable that most of the choice-based housing assistance should be available to those who most need it.

The bill as it now stands would simply discourage the working poor from seeking self-sufficiency, and it would also bar the doors to those who are in the greatest need. That kind of approach is completely contradictory and cannot work.

I urge adoption of the Kennedy amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I would just ask the distinguished ranking member, the gentleman from Massachusetts [Mr. KENNEDY], if he believes that we have the agreement technically perfected.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. If the gentleman would go ahead and read the amendment, we will react to it.

AMENDMENT OFFERED BY MR. LAZIO OF NEW YORK TO AMENDMENT NO. 17 OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. LAZIO of New York. Mr. Chairman, I offer an amendment to the amendment.

The CHAIRMAN pro tempore (Mr. GOODLATTE). The Clerk will report the amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. LAZIO of New York to Amendment No. 17 offered by Mr. KENNEDY of Massachusetts:

Page 1 of the amendment, line 3, strike ''75 percent'' and insert ''40 percent''.

At the end of the amendment insert the following:

In section 222 of the bill (as amended by the manager's amendment), strike subsection (c) (relating to income mix) and insert the following new subsection:

(c) INCOME MIX.—

(1) LHMA INCOME MIX.—Of the public housing dwelling units of a local housing and

management authority made available for occupancy after the date of the enactment of this Act not less than 35 percent shall be occupied by low-income families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary, may for purposes of this subsection, establish income ceiling higher or lower than 30 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(2) PROHIBITION OF CONCENTRATION OF LOW-INCOME FAMILIES.—A local housing and management authority may not comply with the requirements under paragraph (1) by concentrating very low-income families (or other families with relatively low incomes) in public housing dwelling units in certain public housing developments or certain buildings within developments. The Secretary may review the income and occupancy characteristics of the public housing developments, and the buildings of such developments, of local housing and management authorities to ensure compliance with the provisions of this paragraph.

Mr. LAZIO of New York (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and reprinted in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from new York?

There was no objection.

Mr. LAZIO of New York. Mr. Chairman, this amendment represents the agreement between myself and the distinguished ranking member, the gentleman from Massachusetts [Mr. KENNEDY], that would effectively target the poorest people.

The original amendment offered by the gentleman from Massachusetts [Mr. KENNEDY] would have targeted 75 percent of the choice-based vouchers and certificate to those below 30 percent. My amendment would amend that and would insert in its place ''40 percent,'' so 40 percent of all the vouchers and certificates would be targeted to those below 30 percent of median income, which is, of course, the poorest of the poor.

Mr. Chairman, I do not think we are going to do the en bloc amendment right now.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, my understanding from the parliamentarian was that we could in fact do both the amendments in combination. Maybe we can just ask the Chairman whether or not we can do that. I thought the amendment as drafted accomplished both: a 40-percent limit on the vouchers to people with incomes under 30 percent of income, and 35 percent of the units of public housing to go to people within 30 percent of median income.

Mr. LAZIO of New York. Reclaiming my time, Mr. Chairman, the gentleman correctly reflects the amendment, the agreement that we entered into and the amendment that is at the desk that in fact does do both. I had just one page in front of me.

The amendment to the amendment offered by the gentleman from Massachusetts [Mr. KENNEDY] would actually amend that 75 percent to read 40 percent of the vouchers and certificates would go to the bottom 30 percent of the population, and in terms of public housing, not less than 35 percent of the units in public housing would go to families whose incomes do not exceed 30 percent of the area medium income, which I believe represents the understanding between the gentleman from Massachusetts and myself and preserves both of our principles of equity, and also flexibility at the same time.

The CHAIRMAN pro tempore. Does the gentleman from New York [Mr. LAZIO] seek to have his amendment adopted as a modification by unanimous consent to the Kennedy amendment?

Mr. LAZIO of New York. I do make that unanimous consent request.

The CHAIRMAN pro tempore. Is there objection to modifying the Kennedy amendment by the amendment offered by the gentleman from New York [Mr. LAZIO]?

There was no objection.

The CHAIRMAN pro tempore. The Kennedy amendment is so modified.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield back the balance of my time.

Mr. LAZIO of New York. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Massachusetts [Mr. KENNEDY] as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN pro tempore. Are there further amendment to title II of the bill?

Mr. KENNEDY of Massachusetts. Mr. Chairman, I move to strike the last word. Because of the fact that we had anticipated using a full hour on the previous amendment, and then a second amendment that I was going to offer that had been collapsed, the gentlewoman from New York [Ms. VELÁZQUEZ] has been contacted to come over from her office to offer her amendment. She is on her way.

If we could just discuss, I think, some of the important aspects that are contained in this bill, I want to, as I say, commend the chairman of the subcommittee, the gentleman from New York [Mr. LAZIO], for some of the provisions which are going to allow this bill to make certain that bad public housing will be closed by the Secretary, to get rid of bad public housing projects at the same time. I saw the Secretary last evening and he mentioned the fact that he has been able to shut down over 30,000 individual housing units over the course of the last year. For that I think he ought to be commended.

Mr. Chairman, I understand that my good friend, the gentleman from Minnesota [Mr. VENTO], has an amendment which he is now prepared to offer.

AMENDMENT NO. 36 OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I ask unanimous consent to offer amendment No. 36 out of order at this time.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Minnesota [Mr. VENTO] for the consideration of an amendment under title V at this stage of the reading of the bill?

There was no objection.

The CHAIRMAN pro tempore. Without objection, we will go to consideration of the gentleman's amendment without prejudice to other title II amendments.

There was no objection.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 36 offered by Mr. VENTO: Page 239, line 11, strike ''fiscal year 1996'' and insert ''fiscal years 1997, 1998, 1999, 2000, and 2001''.

Page 239, line 25, after the period insert''.''.

Page 240, strike lines 1 through 4.

Page 240, strike line 17 and the matter following such line and insert the following:

''Sec. 5130 Funding.''

MODIFICATION OF AMENDMENT OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I ask unanimous consent to modify the amendment.

The CHAIRMAN pro tempore. The Clerk will report the modification.

The Clerk read as follows:

Modification of amendment offered by Mr. VENTO: In the instruction for Page 239, line 11, strike out '', 1998'' and all that follows, and insert ''and 1998''.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Minnesota?

Mr. LAZIO of New York. Reserving the right to object, Mr. Chairman, the original discussion I had with the gentleman from Minnesota [Mr. VENTO], and I believe we just had consultations with the staff, is that the agreement was to extend this through 1997 and 1998.

Mr. VENTO. If the gentleman will yield, Mr. Chairman, the gentleman is correct.

Mr. Chairman, I ask unanimous consent that the Clerk strike out the ''1999'' as well.

The CHAIRMAN pro tempore. Without objection, that change will be considered as read.

There was no objection.

Mr. LAZIO of New York. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the modification offered by the gentleman from Minnesota?

There was no objection.

□ 1400

The CHAIRMAN pro tempore (Mr. GOODLATTE). The amendment is so modified.

Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Minnesota [Mr. VENTO] will control 5 minutes, and a member opposed will control 5 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, obviously there is an opportunity here with the acceptance of the modified Kennedy amendment I am targeting. I thank my colleague from New York for his work, and my colleague from Massachusetts.

This is a simple amendment. I think that most Members have come to realize the importance of trying to provide funding for activities that relate to drug and crime prevention in and around or in public housing. Recently we revised that to provide an extension outside of public housing. This amendment would do that.

This COMPAC program is an improved drug elimination program that expires under this bill at the end of this fiscal year, 1996. We had initially thought that the amendment should be for the full authorization of the bill which is years. So I had sought to in fact provide a 5-year authorization for COMPAC. But in consultation with the subcommittee chairman, he felt that a 2-year authorization would be best for this program so that it would be before us in the next Congress, and I concurred with that. That is why we modified the amendment accordingly.

I just wanted to explain that I initially had offered this amendment in the Committee on Banking and Financial Services, and at that point we were not ready to make this particular decision. But this is a very successful program in terms of trying to, in fact, expend some monies in and around public housing, giving the authorities a regularized funding for crime prevention.

Up until this point it has been based on a categorical program. This will put it on a block grant proposal, which I think is appealing to the new majority. We had actually proposed and passed this last year in the 103d Congress as a block granted program to provide regular funding for this important function.

Under this amendment, 85 percent of the appropriate funds would be allocated to the largest housing authorities, with 10 percent going to smaller housing authorities, usually in exurban or suburban or rural areas, and 5 percent to the private sector and assisted housing areas.

I just would point out the success of this program in Providence, RI, in Denver, CO, certainly in my own district and in other areas.

This amendment would extend the improved drug elimination program that expires under this bill at the end of this fiscal year. The current Public Housing Drug Elimination Program [PHDEP] provides a range of prevention and education programs to encourage residents to join together to fight crime and foster a safe environment for public housing youth. The activities it has fostered include: community policing, employing security guards, supporting resident patrols, youth sports, recreation and education activities as alternative to gang activities, and other physical plant improvements like street lights.

I offered an amendment in the Banking Committee last November to continue the drug elimination program and to refocus it to include the deterrence of all types of criminal activities in and around public and assisted housing; 85 percent of appropriated funds would be allocated on a formula basis between those authorities that manage 250 or more units of housing to address or prevent significant crime problems. The remaining funds are available for competition for smaller housing authorities and other federally assisted housing.

Some may suggest that this program can just as easily be funded out of general operating assistance—a position that in the long-run, won't hold. Housing authorities are already facing a sort of Hobson's choice when it comes to programs and activities. Crime prevention activities requires continuity and consistent funding. Crime prevention activities help preserve the valuable housing stock and the mission of housing authorities. These activities deserve Federal prioritization. Further, COMPAC funds would provide credible measurable Federal funds to leverage support and other funding from local agencies.

Let me tell you of some of the successes of this program that our communities cannot afford to sacrifice:

Providence, RI: Used the funds for drug prevention youth activities, resident screening, enhanced security with resident crime watches and a partnership with local police. Law enforcement activities have increased 37 percent over fiscal year 1994 in fiscal year 1995. Total arrests have increased more than 85 percent in the same period. Property crimes have decreased by 15 percent.

Denver, CO: Used the fund to establish storefront centers which provide visible, nonthreatening activity centers for residents with community outreach and other program activities. Centers are staffed by residents and police officers. Between 1993 and 1994, there was a 26-percent reduction in the number of crimes reported in Denver's public housing communities.

St. Paul, MN: The No. 1 large PHA in the country, St. Paul's Public Housing Authority, has had an extremely successful and positive experience with the drug elimination program. Their A Community Outreach Policing Program [ACOP] has built bridges between the community and the police department. Lines of communication have opened and trust has been built through police officers, interpreters, and social workers that have gotten to know housing residents and staff through youth activities, crisis intervention, and traditional law enforcement efforts. The Boys and Girls Club of St. Paul has offered youth activities: field trips, tutoring, computer activities, drug education, summer camp, and other counseling and guidance.

When the St. Paul PHA did not win a grant in the last round of funding, the authority had to choose to cuts staff positions in order to keep the program that was so well received by the community and residents alike. That situation will face each and every authority should this program disappear entirely and there are only so many staff positions that can be cut before the critical community activities of the program are lost or the housing resource is jeopardized by under staffing and cut services.

My colleagues, we heard support for maintaining this program over the past year from witnesses testifying on behalf of Indian Housing and from the National Assisted Housing Management Association. Evaluations of the program, including an in-depth study by Abt Associates, have found that many grantees have achieved significant success. The current program received $290 million in appropriations from this Congress in 1996, not because it didn't work, but because it does work.

If my amendment is enacted, COMPAC will be able to compete for the limited appropriations as an authorized program. The program would assure that we maintain existing housing stock. We can't maintain just physical facilities but instead must address the conduct of those within and around public housing. COMPAC should continue to be a resource to help communities with crime and drug prevention and to improve the quality of life for public housing residents and their surrounding neighborhoods.

I urge my colleagues to support this amendment.

With that said, and since there is agreement with the amendment, I want to thank my colleagues for their support of it and yield to the chairman of the committee.

Mr. LAZIO of New York. Mr. Chairman, I thank the gentleman from Minnesota. I appreciate his collaboration, cooperation, and the comity in which we were able to work this out to reflect his interest and mine, as we go forward to the next 2 or 3 years for a program that has funded many important, many worthwhile items that have had the result of protecting people in public and assisted housing.

So it is my pleasure to be able to come to an agreement with the gentleman. I am in support of this amendment and I urge my colleagues to support it, as well.

Mr. VENTO. Mr. Chairman, I yield to the gentleman from Massachusetts [Mr. KENNEDY], the ranking member.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I want to just pay very strong compliments to my good friend from Minnesota, Mr. VENTO, who has just done a tremendous job not only on this amendment but on so many housing issues over the year.

He has led the fight in this House of Representatives over the last decade to look out for the homeless people of this country. He knows housing law like no other individual in the Congress, and he has paid closer attention to some of the goings on over at HUD like no other Member of Congress. He deserves tremendous respect from both sides of the aisle for the contributions he has made.

Mr. VENTO. Mr. Chairman, I thank the gentleman. I have had my sucrose level for the day now.

Mr. Chairman, I ask the Members for their support and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment, as

modified, offered by the gentleman from Minnesota [Mr. VENTO].

The amendment, as modified, was agreed to.

AMENDMENTS NO. 33 AND 34 OFFERED BY MS. VELÁZQUEZ

Ms. VELÁZQUEZ. Mr. Chairman, I offer amendments en bloc.

The CHAIRMAN pro tempore. The Clerk will designate the amendments.

The text of the amendments is as follows:

Amendments No. 33 and 34 offered by Ms. VELÁZQUEZ:

Amendment No. 33: Page 77, strikes lines 6 through 14 and insert the following:

(A) except as provided in subparagraphs (B) and (C), shall be an amount determined by the authority, which shall not exceed $25;

(B) in cases in which a family demonstrates that payment of the amount determined under subparagraph (A) would create financial hardship on the family, as determined pursuant to guidelines which the Secretary shall establish, shall be an amount less than the amount determined under subparagraph (A) (as determined pursuant to such guidelines); and

(C) in such other circumstances as may be provided by the authority, shall be an amount less than the amount determined under subparagraph (A).

Amendment No. 34: Page 157, line 10, after the semicolon insert ''and''.

Page 157, strike lines 11 through 18 and insert the following new paragraph:

(2)(A) except as provided in subparagraphs (B) and (C), shall be an amount determined by the authority, which shall not exceed $25;

(B) in cases in which a family demonstrates that payment of the amount determined under subparagraph (A) would create financial hardship on the family, as determined pursuant to guidelines which the Secretary shall establish, shall be an amount less than the amount determined under subparagraph (A) (as determined pursuant to such guidelines); and

(C) in such other circumstances as may be provided by the authority, shall be an amount less than the amount determined under subparagraph (A).

The CHAIRMAN pro tempore. Is there objection to consideration of the amendments during title II?

There was no objection.

The CHAIRMAN pro tempore. Pursuant to the order of the Committee on Wednesday, May 8, 1996, the gentlewoman from New York [Ms. VELÁZQUEZ] and a Member opposed each will control 10 minutes.

The Chair recognizes the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 2406 is the latest attack on poor families, the elderly and children. This bill includes provisions that will threaten every American's most basic and human need: Access to affordable housing.

Already across this Nation 5 million households spend more than half of their income on rent. This legislation increases that burden by imposing a minimum rent of $25 to $50 a month. Although that may not seem like much, it is a fortune for many residents who have no income.

My amendment ensures that needy Americans are not evicted from their homes by limiting the maximum rent to no more than $25. Additionally, my amendment provides a hardship exemption in cases where poor Americans have no income, protecting children, seniors and the disabled from being thrown out in the streets. I will urge its adoption.

The faces behind my amendment are the most vulnerable members of our society. More than half are single mothers with children. They are families climbing out of homelessness and people trying to lift themselves out of a life substance abuse. They are teetering on the brink of pulling themselves up. My amendment holds out the hand that would steady them.

In many States a mother and her one child may only receive $130 a month to live off of. Keeping in mind how expensive basic living necessities like diapers, toothpaste or even soap are, a $50 minimum rent is simply too high for many poor families to afford.

The consequences of today's actions will create an underclass of people too poor to even live in public housing. Worse yet, with reduction for homeless shelters, the poorest of the poor will have no place to go. For a Nation that is supposed to be a leader in the industrial world, that is appealing and disgraceful.

Mr. Chairman, we are asking too high a price from the poor. I call on my colleagues on both sides of the aisle to vote for the Velázquez amendment and end this cruel measure.

PARLIAMENTARY INQUIRY

Mr. LAZIO of New York. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. LAZIO of New York. Mr. Chairman, what was filed as the two of Ms. VELÁZQUEZ' amendments are considered en bloc, am I correct?

Ms. VELÁZQUEZ. They are en bloc.

The CHAIRMAN pro tempore. That is the Chair's understanding.

Mr. LAZIO of New York. I thank the Chair.

The CHAIRMAN pro tempore. Does the gentleman from New York rise in opposition?

Mr. LAZIO of New York. Mr. Chairman, I rise in opposition.

The CHAIRMAN pro tempore. The gentleman from New York [Mr. LAZIO] is recognized for 10 minutes.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I thank the gentlewoman from New York for her concern and her attention to this issue.

Let me begin by saying that for those people who are so poor that they cannot afford a minimum $25 rent, we have provided in our manager's amendment a hardship exemption. We worked this issue out with the Secretary of the Department of Housing and Urban Development, Henry Cisneros, to allow a safety valve for people who are so poor that they cannot even afford $25.

But Mr. Chairman, we believe that everybody should pay something. We believe that is part of transforming a society. We believe that within the confines of allowing for hardship exemptions, that we ought to have minimum rents.

As a matter of fact, current law as passed through the last appropriations, the omnibus appropriations bill, fixes the need for minimum rents. What we do here is to go beyond that and allow for a hardship exemption.

We also suggested the hardship exemption ought to be controlled by local communities, not by the Secretary of Housing and Urban Development hundreds of miles away in a centralized bureaucratic building where he is going to decide how much of an exemption people should have.

Ms. VELÁZQUEZ. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentlewoman from New York.

Ms. VELÁZQUEZ. I just want to make an inquiry, in terms of the manager's amendment, where in your amendment does it state that it will require the housing authority to grant an exemption?

Mr. LAZIO of New York. Mr. Chairman, I will reclaim my time and I will try and identify that part as I continue to speak here.

As I said, Mr. Chairman, everybody should pay something but we should also protect the most vulnerable people. We have done that through a number of different ways, including working with members of the minority and the gentleman from Texas [Mr. GONZALEZ], and making sure that any possible minimum rent increase is phased in, so there are phase-in protections.

But we cannot transform a culture if we expect people to live without any reciprocity, without paying anything at all. We expect everybody to pay minimum rents because that pool of money helps provide more opportunities for more people to have access to apartments.

The more that we say that people should not have to do anything, should not have any minimum rent, whether it is $25 or $30 or whether through hardship exemption it is reduced to $10 or $5, the more than we are continuing to perpetuate a culture that suggests that people should be able to get, Americans should be able to get an apartment for virtually nothing, not pay the utility bills, not pay for any rent, live for nothing and not have to budget anything, having to budget for an apartment, having to budget for their household, having to budget for, if they are a home owner, if they were lucky enough to be a home owner, is part of transforming themselves and moving back into the work force.

We are trying to do that through minimum rents which we think are very modest, with exceptional hardship exemptions, with the ability to transition and phase in.

For the purpose of trying to respond to the gentlewoman's concern, I draw

her attention to page 33 of the manager's amendment, beginning on the bottom of the page, lines 24 and 25, all the way through page 34, line 10 or 11. If the gentlewoman would like, if it is helpful, I will read from that if she does not have that.

Ms. VELÁZQUEZ. I could read it to the gentleman, but it does not say that it will require. It says that the housing authority may. That does not mean that we require them to grant an exemption, and that is precisely the difference between my amendment and the manager's amendment. Mine requires the housing authority top grant an exemption, yours gives them an option.

Mr. LAZIO of New York. Reclaiming my time, I suggest that a housing must grant an exemption to everybody, which I believe is what the gentlewoman is saying, is to completely eliminate the meaning of having a minimum rent. We are saying that in certain circumstances that the housing authority will have the discretion to provide for an exemption.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself 30 seconds.

I do agree with the chairman of the Subcommittee on Housing and Community Opportunity that everybody in public housing should pay. My amendment does not relate to that. My amendment, what it does is to protect those most vulnerable who do not have any money to pay, and we need to protect those people from being thrown out in the streets.

My amendment requires the housing authority to grant an exemption. Your amendment does not provide for that, and that is why we need to protect those people who are disabled, who do not have any money, who are coming from homelessness, from being thrown out in the streets.

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Mr. Chairman, I yield 1½ minutes to the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Chairman, I rise in support of the Velázquez amendment, which sets a minimum of zero to $25 and a waiver for our Nation's most vulnerable who are caught in situations of extreme difficulty or hardship.

We must oppose the idea of minimum rent for those who cannot afford it. HUD Secretary Henry Cisneros has already indicated that the recently implemented $25 rents are already causing great hardship for roughly 175,000 families in public and assisted housing nationwide.

In my State of Illinois, 2,338 families living in public housing, 1,377 households that receive certificates and vouchers, and 749 families living in section 8 housing, for a total of 4,464 families, have already been negatively affected with the addition of the $25 minimum. These are people who are already straining to meet their families' needs and who are already sometimes choosing between food, medicine, and housing, necessities that we obviously take for granted.

The chairman of the subcommittee says that everyone should pay something. Who can argue with that? Except in my State, that would mean an average yearly rental increase of $569, a 32-percent increase, which would affect 19,100 public housing families. It would mean an average yearly increase of $584, or a 23-percent increase, for 5,100 elderly in Illinois. It would mean an average increase of $569, or a 19-percent increase for 1,100 disabled people.

Mr. Chairman, the poor in our Nation do not need any more regulations in their minimum rents. They need a livable wage.

Mr. Chairman, I thank the gentlewoman from New York for offering this critical amendment, and I urge Members to support it.

Mr. LAZIO of New York. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Louisiana [Mr. BAKER], a member of the Subcommittee on Housing and Community Opportunity.

Mr. BAKER of Louisiana. Mr. Chairman, I thank the gentleman for his courtesy. I think this amendment really goes to the heart of the debate over how public housing should be managed in America. There is probably nothing more volatile with working families in America today than the thought that someone would be in need and not have a helping hand extended. Virtually everybody I talk to says if they are suffering, uneducated and want an education, if they are homeless and want to be safe in the evenings, we should do those things. All we ask is that those individuals extend the courtesy to us of trying to improve their own situation.

But when you have people who live in house trailers, working a construction job, and moms at home trying to educate and care for those children, and you told them well, I tell you what, since you are having a bad month, I am the trailer park operator, I am just going to not worry about rent this month even though you are paying $25, where is the equity in that family who works to pay taxes from daylight until dark, who cares for the kids, who pays for the expenses at the grocery stores, who pays the rent on the house trailer, to say to them we are going to tax you at higher and higher rates and put money in government programs so there will be individuals who cannot read, but will not go to school; people without work, who will not get job skills?

This is a revolution. It is a dramatic change in the philosophy of how we are going to try to help people. We are simply going to say you try, we will try. If you make the effort, we will give you the resources. But no longer are we going to say we are going to tax working families in America and provide free housing for individuals, with free utilities, with access to food programs, when you will not insist that your children remain in school, when dad will not go to a drug rehab program, and mom not get out and try to get her own job to help.

In many cases, a small helping hand is not giving more money; it is giving opportunity, the opportunity for that individual to regain their own dignity and honor, the decency of work, the ability to get an education, and to walk in the front door and say to his children, here are your tennis shoes, I worked for them, I earned them, and I want to give them to you to provide for a better America. It is regrettable, it is despicable that we have generations of families who have grown up on programs of social dependency, and the only model they have is that dad no longer lives at home, mom goes to the mailbox and gets a check, and they live in public housing where they literally board themselves in behind the door at night because they are afraid of someone breaking in during the evening and stealing what little they have.

We have to find a way to give dignity decency, and safety back to these individuals. And the safeguard for those who are worried that 83 cents a day, $25 a month, is too much a commitment to ask from someone who has got a shelter for their family? The housing authority may, upon a demonstration of hardship, grant a waiver to that family and not require them to pay that onerous 83 cents a day rent, for whatever period of time the housing authority determines is necessary. But nowhere should we say that anyone is entitled to free housing forever. Make some demonstration that you want to improve your personal circumstance and we will be there to help you. We will make sure that the drug dealers are out of your housing authority. We will make sure that your kids have a safe school to go to. We will make sure there is a job training program available to you, so you can get that job. But America is saying to us, stop throwing money away at faster and faster rates because we are not helping, we are in fact making it worse.

Ms. VELÁQUEZ. Mr. Chairman, I yield myself such time as I may consume. I just would like to say that what is despicable is a single mother with one child in Louisiana, who gets a $130 check from AFDC, is thrown out into the street, and the gentleman cannot understand what $25 represents for her and her child.

Mr. Chairman, I yield 1¼ minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I appreciate the gentlewoman yielding me time. I stand in strong support of her amendment.

Mr. Chairman, I think it has been interesting to listen to some of the plantation owner mentality we are hearing from the other side of the aisle. The notion that these individuals are somehow desiring to stay in the circumstances that they are in by their

own choice represents a complete misunderstanding of who qualifies for minimum rents. We already have, by virtue of the fact that we have the Brooke amendment, which no longer exists, deleted. What happens is all of those incentives that the Republicans so very much want to whip the poor into shape are now in place in the housing bill.

What this says is that if you have high medical expenses, if you happen to have a sick child, if you happen to have some extraordinary circumstances where you do not have the funds to be able to even pay a minimum rent, the 30 percent is not good enough. We are going to come back in and we are going to hammer not the very poor, but the very, very poor.

That is what the heart of this amendment does. This amendment tries to say that there is a group of very, very poor people. I understand that maybe the gentleman from Louisiana [Mr. BAKER] does not know very many of them, but the truth of the matter is that there are others in this Chamber, the gentlewoman from New York [Ms. VELÁQUEZ] among them, that work with these individuals each and every day, and she deserves and they deserve a right to get the housing that they need.

Ms. VELÁQUEZ. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. OWENS].

(Mr. OWENS asked and was given permission to revise and extend his remarks.)

Mr. OWENS. Mr. Chairman, I do not know whether the gentleman here comes from a farm State or not, but the people in my district want to know how you have a situation where farmers' home loan mortgages are forgiven. Over a 5-year period, the Department of Agriculture forgave $11 billion; $11 billion were forgiven in farmers' home loan mortgages. They want to know how our Government does such things, and then worries about people who do not have $25.

I met a lady just last Monday, I have known her for a long time, I did not know she was in such hard times, 85 years old she is. She has always been a tenacious entrepreneur all her life. She has never worked for anybody else. She does not have Social Security. She once owned a home, she lost it. She once had two children, they are dead now. Eighty-five years old. She has no income. Zero income.

When we say 30 percent of your income, the Brooke amendment we fought for, 30 percent, 30 percent of nothing is nothing, of course. But most of us, nobody in this Congress pays 30 percent of their income for rent. Nobody pays 30 percent of their income for rent. That is enough of a standard that is imposed on the poor that nobody else has to live up to.

Certainly anybody who has come to the point where they absolutely have no income, and there are many people who, for very good reasons, they are not drunkards or dope addicts, there is nothing wrong with them, they are hard-working Americans, at the ends of their lives, down and out, they need some help.

Mr. Chairman, I rise in opposition to the United States Housing Act (H.R. 2406). This bill would, in effect, lead to the dismantling of the Federal Government's role in providing safe, decent, and affordable housing to its citizens. H.R. 2406 does a good job of corroding what the Republican leadership in the other chamber has termed, ''one of the last bastions of socialism''—public housing. Agriculture, which funnels billions of dollars to agribusiness, is neve seen as socialism; but now public housing is bastardized as the last bastion of socialism. Using such euphemisms as local flexibility, income diversity, and resident security, H.R. 2406 would shamefully take from our poorer and more vulnerable citizens the basic right to sleep comfortably at night. I support many of the amendments offered today, including the Veláquez amendment.

My Republican colleagues need to be reminded that U.S. public housing policy is embarrassingly inequitable. Despite the low-income housing needs of this country, only 20 percent of housing outlays is allocated for providing housing assistance and subsidies to families in need. The other 80 percent is tax expenditures enjoyed by wealthier families who are able to deduct mortgage interest, property taxes, capital gains, and other investor homeowner perks from their tax liabilities. The result of this unjust, inequitable housing policy: Over 70 percent of the families who qualify for low-income housing assistance, are not receiving it. This means that the richest Nation in the world has allowed, and will continue to allow, more than 20 million families to simply deal with substandard housing conditions with serious building code violations such as dangerous electrical wiring and inadequate plumbing; exorbitant rents; and even homelessness.

H.R. 2406 reflects a blatant disregard for those Americans who truly need assistance. Using income diversity as a goal, the manager's amendment would reserve only 30 percent of public housing units for those earning 30 percent or less of the median income in an area. Under current law, 85 percent of public housing units must be provided to low-income families. In most communities, 30 percent of the area's median income is roughly equivalent to the poverty line. However, the Republican solution to diversify the public-housing population is too extreme. To reserve such a small percentage of public housing to our poorest families, when they need it the most, is unforgivable. Again, the affront to the less-fortunate is evident in this Congress.

H.R. 2406 would further eliminate the caps on rent paid by seniors and working families. The Brooke amendment, which sets a maximum percentage that tenants could be charged for rent, 30 percent of adjusted gross income, would be abolished. The manager's amendment would maintain the 30 percent cap only for current elderly and disabled tenants, and current residents earning 30 percent or less of an area's median income. It is clearly insufficient. Any elderly or disabled person who is lucky enough to secure public housing after enactment of this bill, would be forced to sacrifice food, medicine, and other necessities for rent.

Furthermore, H.R. 2406 would allow housing authorities to set minimum rents at $25 to $50 a month, without any exception for hardship cases. To individuals who make more than $100,000 per year, a minimum rent of $25 to $50 may seem reasonable. Such reasoning illustrates how far removed from reality supporters of this bill really are from the people they represent. For the State of New York, a $50 minimum rent would affect 900 households, and a $25 minimum rent would affect 1,828 households. For homeless families utilizing special rent assistance, but who have no income, this minimum rent would be a hardship. For large families receiving AFDC in low-benefit States, this minimum rent would be a hardship. For families, elderly and disabled households awaiting determination of eligibility for public benefits, this minimum would be a hardship. Yes, many of the people that we represent have little to no income at all; and this Congress should be compassionate enough to grant these families some leeway.

Support the Valázquez amendment to set a minimum rent of $0 to $25; and to allow for a waiver in cases of extreme hardship.

And in an interesting twist, H.R. 2406 would mandate that all able-bodied, non elderly individuals work in some capacity for the local housing authority. In a despicable regard for the value of the work that such persons may perform, H.R. 2406 would exempt these workers' wages from the Davis-Bacon prevailing-wage requirement. The assurance that a job is a real job that pays a living wage and provides certain benefits is on the attack, again. I ask my colleagues to stand up to this typical Republican contempt for the American work ethic.

Last year, some Republicans promised to mount an aggressive campaign to eliminate the Department of Housing and Urban Development [HUD]. Recognizing that such action would be politically damaging, this year, the Republicans have weakened the agency's responsibilities, and eliminated numerous federal controls. Thus, they have defeated the economic, social, and historical purpose of the Federal Government's direct role in developing affordable housing. Yes, HUD will still be around, but 60 years of it's work will have been ignored. H.R. 2406 has little to do with ensuring housing for the low income. I challenge my colleagues to vote against this apparent disdain for nonwealthy Americans; and support the Valázquez amendment.

Ms. VALÁZQUEZ. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida [Ms. BROWN].

(Ms. BROWN of Florida asked and was given permission to revise and extend her remarks.)

Ms. BROWN of Florida. Mr. Chairman, I rise in support of the Valázquez amendment, which sets a minimum rent of up to $25, and allows for a waiver to be granted in cases of extreme hardship.

In Florida, a $50 minimum rent will affect 2.100 households. This would mean an average annual rent increase of $340. That may not seem like a lot of money to some of my wealthy colleagues in Congress, but for some of our Nation's public housing residents, that could mean the difference between buying a child a warm winter coat, or buying that same child the correct-size shoes. This truly is a matter of having food on the table, clothes on their backs, and a roof over their heads.

Public housing in our Nation is the last resort for many of our citizens. It is the final safety net before low-income folks end up homeless and on the street. If we can make some responsible and appropriate changes in the current law to improve public housing, by all means, let's do it.

Many of the people who reside in public housing are low-income veterans. Forty-one percent of residents in public and assisted housing are seniors or are disabled. The remainder are families with children.

This Congress should be doing everything it can to provide safe, affordable, units for our Nation's low-income citizens. That's the kind thing to do. That's the compassionate thing to do. That's the right thing to do. Support the amendment.

Ms. VALÁZQUEZ. Mr. Chairman, I yield 1 minute to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Chairman, I want to thank the gentlewoman from New York for her wisdom.

Mr. Chairman, I heard my colleague on the other side of the aisle say this is a revolution. It is a revolution, and the only wounded and dying are poor people. It is well known and the Texas Low Income Housing Coalition and the Border Low-Income Housing Coalition has sent me some very interesting facts. Nationwide public housing residents have extremely low incomes, averaging only 17 percent of the median. The rest are zero. We recognize that it is important to have affordable housing, to have mixed housing units where there are affordable housing units living among those very poor. If you do not take this amendment that the gentlewoman has offered, in Texas alone you will be affecting 18,200 households. I did not say people, I said 18,200 households. To the least of our brothers and sisters, can we not say if you have zero income, if you worked all your life, if all has come down crashing on you, you have the opportunity to have housing?

What is the look on our faces when we see homeless persons? We ask the question, ''What have they done wrong? Why don't they get a job?'' We do not know their circumstances. And the reason we have homeless persons is because there are 15,000 of them waiting on lists in Texas and other places around the country to get into public housing. There is a need to ensure that the poorest among us can pay a minimal amount, have a clean house, a clean place to live, and, yes, they will keep it up. I support the gentlewoman's amendment.

Mr. Chairman, I rise today in support of this amendment.

Affordable housing fills a void in our society for our less fortunate citizens who would not have homes without subsidies. H.R. 2406 is seriously lacking as it is currently written. It kills off the Brooke amendment which insured the affordability of public housing.

In my State of Texas, as the bill is currently written, if a minimum rent of $50 was charged it would affect 18,200 households, who would be hit by an average annual rent increase of $267—this is a lot for very poor people. A minimum rent of $25 would affect 15,749 households, for those using certificates, vouchers, and project-based section 8 housing, and is far more terrible.

The elitist of this body would say that $25 or $50 is not very much to ask for a place to live, but those of us who know the plight of the poor in our States, cities, and districts know better.

TEXAS LOW INCOME HOUSING COALITION AND BORDER LOW INCOME HOUSING COALITION

Austin and Laredo, TX, May 6, 1996.

Hon. SHEILA JACKSON-LEE,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE LEE: Your vote this Wednesday on the ''U.S. Housing Act of 1995'' will set a new course for federal public housing in this country. We seek your support for preservation of the Brooke Amendment and the enactment of strong low income targets when this bill moves to the floor of the House. We ask that you vote against the provisions of H.R. 2406 which repeal the Brooke Amendment.

H.R. 2406 repeals the Brooke Amendment for all residents of public housing and recipients of Section 8 tenant based rental assistance. This repeal is a dramatic departure from 25 years of housing policy during which time a tenant's rent contribution has been linked to the tenant's income. Since 1981 public housing and rental assistance programs have set tenant rent at 30% of the resident's adjusted gross income. The House bill repeals this important protection and puts in its place language which will permit public housing management agencies to set rents as they deem it appropriate.

Nationwide public housing residents have extremely low incomes averaging only 17% of the median income of the area where they live. Contrary to what proponents of repeal might suggest, the Brooke Amendment did not cause poverty in public housing. Our organizations strongly oppose the repeal of the Brooke Amendment and the eradication of meaningful income targets because of the harm this would do to low income Texans.

Changes in the occupancy of public housing occurred long before the enactment of the Brooke Amendment in 1970. Social changes in the 1950s and 1960s caused major alterations in the prevalence of very poor families living in public housing. This was compounded by the tendency of localities to situate projects in poorer, isolated or otherwise undesirable areas. The people left behind in the public housing projects after the demographic shifts of the post-war era were largely the long term poor. A federal cap on rents at 30% of income is just as important today, to ensure that no family is too poor to live in public housing. There is no market rate housing available to families with such low incomes.

H.R. 2406 would also allocate only 25% of new admissions to families with incomes below 30% of median. The majority of available units could go to families earning up to 80% of the area median. We also oppose this provision. All of the Section 8 rental assistance subsidy could be targeted to families up to 80% of the area median. According to HUD's list of median incomes for 1996, 80% of the median for a family of four in Dallas, Houston and San Antonio is $38,650, $36,800 and $28,800 respectively. The government does not need to provide public housing to families with incomes this high. That job should be left to the private market.

The resolution of these two fundamental issues will determine who these units will serve for the foreseeable future. Your support for a 30% cap on rents and appropriate income targeting will be crucial to preserving these subsidized housing opportunities for the Texas families that so urgently need them.

Sincerely,

JOHN HENNEBERGER,
Chair, Texas Low Income Housing Coalition.

RAFAEL TORRES,
Convenor, Border Low Income Housing Coalition.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, the poor across this country have already been asked to pay an extraordinarily high price. Essential programs like Medicare, Medicaid, and Workforce have all been put on the chopping block. At a time when society's most vulnerable are seeing a reduction in their benefits, an increasing amount of rent to pay is cruel, heartless and shameful.

If we do not adopt the Velázquez amendment, thousands of our Nation's poorest families will no longer be able to afford public housing. For the most part, they will be mothers and children, women and children, that will be thrown into the streets with no place to go.

We here in Congress should not be creating this underclass. It is a shame that what we are doing here today is creating an underclass of poor people that cannot afford even to live in public housing. If we do not want the poorest of the poor to live in public housing, just say it. Stop playing games, and let us end this charade.

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Mr. LAZIO of New York. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, I will tell my colleagues what is cruel, what is heartless, and what is shameful. It is defending the status quo. It is continuing to condemn Americans throughout the country, especially in our inner-cities, to continue life in poverty, despair, and disillusion.

We are trying to transform our society, Mr. Chairman. We are trying to do that in a compassionate way. We understand this will not happen overnight. We understand this bill will not change the problems that have made these challenges so complex and sometimes overwhelming with the strike of a pen. But it begins the process of progress, of returning local control, of encouraging work and providing work incentives, of providing for mixed-income populations in public and assisted housing so that the working poor will no longer be taxed, will no longer be punished, and they will be permitted to stay in public housing.

Mr. Chairman, we here are saying that it is not the Secretary of the Department of Housing and Urban Development sitting in his office in Washington who will decide what an exemption will be, although we provide for an exemption, Mr. Chairman. We say that every family should pay at least a minimum rent of $25 to $50, and that is the current law. There is already a minimum rent in place through the appropriations process. What we are adding to that, Mr. Chairman, is an escape valve, a hardship exemption so that those Americans who cannot even make the rent of $25 for their family's apartment will be able to appeal to their local community and be able to receive an exemption, an exception, so that rent can be lowered or completely waived.

We know that there are some Americans out there that will not be able to make the minimum rent. That is why we have the hardship exemption that was worked out with the administration. But we are going well beyond that. We are trying to eliminate the concept of having the minimum rent, and having the minimum rent is as basic as eliminating the work disincentives in the Brooke amendment. I urge a ''no'' vote.

The CHAIRMAN. All time has expired. The question is on the amendments offered by the gentlewoman from New York [Ms. VELÁZQUEZ].

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. BAKER of Louisiana. Mr. Chairman, I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the rule, further proceedings on the amendments offered by the gentlewoman from New York [Ms. VELÁZQUEZ] will be postponed.

The point of no quorum is considered withdrawn.

Are there further amendments to title II?

If not, the Clerk will designate title III.

The text of title III is as follows:

TITLE III—CHOICE-BASED RENTAL HOUSING AND HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES

Subtitle A—Allocation

SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE AMOUNTS.

To the extent that amounts to carry out this title are made available, the Secretary may enter into contracts with local housing and management authorities for each fiscal year to provide housing assistance under this title.

SEC. 302. CONTRACTS WITH LHMA'S.

(a) CONDITION OF ASSISTANCE.—The Secretary may provide amounts under this title to a local housing and management authority for a fiscal year only if the Secretary has entered into a contract under this section with the local housing and management authority, under which the Secretary shall provide such authority with amounts (in the amount of the allocation for the authority determined pursuant to section 304) for housing assistance under this title for low-income families.

(b) USE FOR HOUSING ASSISTANCE.—A contract under this section shall require a local housing and management authority to use amounts provided under this title to provide housing assistance in any manner authorized under this title.

(c) ANNUAL OBLIGATION OF AUTHORITY.—A contract under this title shall provide amounts for housing assistance for 1 fiscal year covered by the contract.

(d) ENFORCEMENT OF HOUSING QUALITY REQUIREMENTS.—Each contract under this section shall require the local housing and management authority administering assistance provided under the contract—

(1) to ensure compliance, under each housing assistance payments contract entered into pursuant to the contract under this section, with the provisions of the housing assistance payments contract included pursuant to section 351(c)(4); and

(2) to establish procedures for assisted families to notify the authority of any noncompliance with such provisions.

SEC. 303. ELIGIBILITY OF LHMA'S FOR ASSISTANCE AMOUNTS.

The Secretary may provide amounts available for housing assistance under this title to a local housing and management authority only if—

(1) the authority has submitted a local housing management plan to the Secretary for such fiscal year and applied to the Secretary for such assistance;

(2) the plan has been determined to comply with the requirements under section 107 and the Secretary has not notified the authority that the plan fails to comply with such requirements;

(3) the authority is accredited under section 433 by the Housing Foundation and Accreditation Board;

(5) no member of the board of directors or other governing body of the authority, or the executive director, has been convicted of a felony; and

(6) the authority has not been disqualified for assistance pursuant to subtitle B of title IV.

SEC. 304. ALLOCATION OF AMOUNTS.

(a) FORMULA ALLOCATION.—

(1) IN GENERAL.—When amounts for assistance under this title are first made available for reservation, after reserving amounts in accordance with subsection (c) and section 109, the Secretary shall allocate such amounts, only among local housing and management authorities meeting the requirements under this title to receive such assistance, on the basis of a formula that is established in accordance with paragraph (2) and based upon appropriate criteria to reflect the needs of different States, areas, and communities, using the most recent data available from the Bureau of the Census of the Department of Commerce and the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any consolidated plan incorporating such strategy) for the applicable jurisdiction. The Secretary may establish a minimum allocation amount, in which case only the local housing and management authorities that, pursuant to the formula, are provided an amount equal to or greater than the minimum allocation amount, shall receive an allocation.

(2) REGULATIONS.—The formula under this subsection shall be established by regulation issued by the Secretary. Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, any proposed regulation containing such formula shall be issued pursuant to a negotiated rulemaking procedure under subchapter of chapter 5 of such title and the Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations.

(b) ALLOCATION CONSIDERATIONS.—

(1) LIMITATION ON REALLOCATION FOR ANOTHER STATE.—Any amounts allocated for a State or areas or communities within a State that are not likely to be used within the fiscal year for which the amounts are provided shall not be reallocated for use in another State, unless the Secretary determines that other areas or communities within the same State (that are eligible for amounts under this title) cannot use the amounts within the same fiscal year.

(2) EFFECT OF RECEIPT OF TENANT-BASED ASSISTANCE FOR DISABLED FAMILIES.—The Secretary may not consider the receipt by a local housing and management authority of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving amounts under this title for the authority or in determining the amount of such assistance to be provided to the authority.

(3) EXEMPTION FROM FORMULA ALLOCATION.—The formula allocation requirements of subsection (a) shall not apply to any assistance under this title that is approved in appropriation Acts for uses that the Secretary determines are incapable of geographic allocation, including amendments of existing housing assistance payments contracts, renewal of such contracts, assistance to families that would otherwise lose assistance due to the decision of the project owner to prepay the project mortgage or not to renew the housing assistance payments contract, assistance to prevent displacement or to provide replacement housing in connection with the demolition or disposition of public and Indian housing, assistance for relocation from public housing, assistance in connection with protection of crime witnesses, assistance for conversion from leased housing contracts under section 23 of the United States Housing Act of 1937 (as in effect before the enactment of the Housing and Community Development Act of 1974), and assistance in support of the property disposition and loan management functions of the Secretary.

(c) SET-ASIDE FOR INDIAN HOUSING ASSISTANCE.—The Secretary shall allocate, in a manner determined by the Secretary, a portion of the amounts made available in each fiscal year for assistance under this title for assistance for Indian housing authorities.

(d) RECAPTURE OF AMOUNTS.—

(1) AUTHORITY.—In each fiscal year, from any budget authority made available for assistance under this title or section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act) that is obligated to a local housing and management authority but remains unobligated by the authority upon the expiration of the 8-month period beginning upon the initial availability of such amounts for obligation by the authority, the Secretary may deobligate an amount, as determined by the Secretary, not exceeding 50 percent of such unobligated amount.

(2) USE.—The Secretary may reallocate and transfer any amounts deobligated under paragraph (1) only to local housing and management authorities in areas that the Secretary determines have received less funding than other areas, based on the relative needs of all areas.

SEC. 305. ADMINISTRATIVE FEES.

(a) FEE FOR ONGOING COSTS OF ADMINISTRATION.—

(1) IN GENERAL.—The Secretary shall establish fees for the costs of administering the choice-based housing assistance program under this title.

(2) FISCAL YEAR 1996.—

(A) CALCULATION.—For fiscal year 1996, the fee for each month for which a dwelling unit is covered by a contract for assistance under this title shall be—

(i) in the case of a local housing and management authority that, on an annual basis, is administering a program for not more than 600 dwelling units, 6.5 percent of the base amount; and

(ii) in the case of an authority that, on an annual basis, is administering a program for more than 600 dwelling units—

(I) for the first 600 units, 6.5 percent of the base amount; and

(II) for any additional dwelling units under the program, 6.0 percent of the base amount.

(B) BASE AMOUNT.—For purposes of this paragraph, the base amount shall be the higher of—

(i) the fair market rental established under section 8(c) of the United States Housing Act of 1937 (as in effect immediately before the date of the enactment of this Act) for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the authority, and

(ii) the amount that is the lesser of (I) such fair market rental for fiscal year 1994 or (II) 103.5 percent of the amount determined under clause (i),

adjusted based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary. The Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

(3) SUBSEQUENT FISCAL YEARS.—For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for local housing and management authorities administering the program, based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary.

(4) INCREASE.—The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

(b) FEE FOR PRELIMINARY EXPENSES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

(1) the costs of preliminary expenses, in the amount of $500, for a local housing and management authority, but only in the first year that the authority administers a choice-based housing assistance program under this title, and only if, immediately before the date of the enactment of this Act, the authority was not administering a tenant-based rental assistance program under the United States Housing Act of 1937 (as in effect immediately before such date of enactment), in connection with its initial increment of assistance received;

(2) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the programs; and

(3) extraordinary costs approved by the Secretary.

(c) TRANSFER OF FEES IN CASES OF CONCURRENT GEOGRAPHICAL JURISDICTION.—

(1) IN GENERAL.—In each fiscal year, if any local housing and management authority provides tenant-based rental assistance under section 8 of the United States Housing Act of 1937 or housing assistance under this title on behalf of a family who uses such assistance for a dwelling unit that is located within the jurisdiction of such authority but is also within the jurisdiction of another local housing and management authority, the Secretary shall require the authority issuing such assistance to transfer the amount provided under paragraph (2) to the closest eligible authority that is approved to administer the program and is not designated as a troubled authority under section 431(a)(2)(D).

(2) ADMINISTRATIVE FEE.—The amount provided under this paragraph is, with respect to each such family described in subsection (a)—

(A) in the case of assistance under section 8 of the United States Housing Act of 1937, the amount received under section 8(q) of such Act that is attributable to the administrative fee under such section for such family for the portion of the fiscal year during which such family resides in the dwelling unit described in paragraph (1); and

(B) in the case of housing assistance under this title, an amount of the grant amounts received under this title that is equal to the administrative fee for a family established under section 305 for such fiscal year, as adjusted based on the portion of the fiscal year during which such family resides in the dwelling unit described in paragraph (1).

SEC. 306. AUTHORIZATIONS OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated for providing local housing and management authorities with housing assistance under this title, $1,861,668,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000.

(b) ASSISTANCE FOR DISABLED FAMILIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, for choice-based housing assistance under this title to be used in accordance with paragraph (2), $50,000,000 for fiscal year 1997, and such sums as may be necessary for each subsequent fiscal year.

(2) USE.—The Secretary shall provide amounts made available under paragraph (1) to local housing and management authorities only for use to provide housing assistance under this title for nonelderly disabled families (including such families relocating pursuant to designation of a public housing development under section 227 and other nonelderly disabled families who have applied to the authority for housing assistance under this title).

(3) ALLOCATION OF AMOUNTS.—The Secretary shall allocate and provide amounts made available under paragraph (1) to local housing and management authorities as the Secretary determines appropriate based on the relative levels of need among the authorities for assistance for families described in paragraph (1).

SEC. 307. CONVERSION OF SECTION 8 ASSISTANCE.

(a) IN GENERAL.—Any amounts made available to a local housing and management authority under a contract for annual contributions for assistance under section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act) that have not been obligated for such assistance by such authority before such enactment shall be used to provide assistance under this title, except to the extent the Secretary determines such use is inconsistent with existing commitments.

(b) EXCEPTION.—Subsection (a) shall not apply to any amounts made available under a contract for housing constructed or substantially rehabilitated pursuant to section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983.

Subtitle B—Choice-Based Housing Assistance for Eligible Families

SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR ASSISTANCE.

(a) LOW-INCOME REQUIREMENT.—Housing assistance under this title may be provided only on behalf of a family that—

(1) at the time that such assistance is initially provided on behalf of the family, is determined by the local housing and management authority to be a low-income family; or

(2) qualifies to receive such assistance under any other provision of Federal law.

(b) REVIEWS OF FAMILY INCOMES.—

(1) IN GENERAL.—Reviews of family incomes for purposes of this title shall be subject to the provisions of section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually.

(2) PROCEDURES.—Each local housing and management authority administering housing assistance under this title shall establish procedures that are appropriate and necessary to ensure that income data provided to the authority and owners by families applying for or receiving housing assistance from the authority is complete and accurate.

(c) PREFERENCES FOR ASSISTANCE.—

(1) AUTHORITY TO ESTABLISH.—Any local housing and management authority that receives amounts under this title may establish a system for making housing assistance available on behalf of eligible families that provides preference for such assistance to eligible families having certain characteristics.

(2) CONTENT.—Each system of preferences established pursuant to this subsection shall be based upon local housing needs and priorities, as determined by the local housing and management authority using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 107(e) or under the requirements applicable to comprehensive housing affordability strategy for the relevant jurisdiction.

(d) TREATMENT OF ASSISTED FAMILIES WHO MOVE OUT OF JURISDICTION OF LHMA.—

(1) IN GENERAL.—A local housing and management authority may, in the discretion of the agency and notwithstanding any preferences under subsection (c), provide housing assistance for eligible families (or a certain number of such families) who have moved into the jurisdiction of the authority and on whose behalf such assistance was being provided, at the time of such move, by the authority for the jurisdiction from which the family moved.

(2) ASSISTANCE UNDER 1937 ACT.—Notwithstanding any provision of this title, a local housing and management authority who, upon the date of the enactment of this Act, is providing assistance under section 8 of the United States Housing Act of 1937 for a family pursuant to subsection (r) of such section shall continue to provide such assistance (or housing assistance under this title) in accordance with such section until the local housing and management authority for the jurisdiction to which the family moved provides housing assistance on behalf of the family pursuant to paragraph (1) of this subsection or otherwise or the authority terminates such assistance for other reasons.

(e) TREATMENT OF FAMILIES ON WAITING LIST WHO MOVE OUT OF JURISDICTION OF LHMA.—

(1) MOVE TO JURISDICTION WITH OPEN WAITING LIST.—Except as provided in paragraph (2), if an eligible family (A) applies for choice-based housing assistance while residing within the jurisdiction of a local housing and management authority, (B) moves outside of the jurisdiction of the authority before such assistance is provided on behalf of the family, and (C) applies for housing assistance from the local housing and management authority for the jurisdiction to which the family moves, such authority shall consider the application to have been made upon the date that the family applied for assistance with the authority in whose jurisdiction the family previously resided.

(2) MOVE TO JURISDICTION WITH CLOSED WAITING LIST.—If the local housing and management authority for the jurisdiction to which an eligible family described in paragraph (1) moves is not generally accepting applications for housing assistance, such jurisdiction shall accept the application of such family but shall treat the application as having been made on the date on which it is actually made. Notwithstanding the preceding sentence, a local housing and management authority may (at the discretion of the authority) provide that any application by an eligible family whose move to the jurisdiction not accepting applications for assistance was made because of a verifiable employment opportunity shall be subject to the provisions of paragraph (1).

(f) AUTHORITY TO DENY ASSISTANCE TO CERTAIN FAMILIES WHO MOVE.—A local housing and management authority may establish criteria for denying housing assistance, and pursuant to such criteria may deny such assistance, to an eligible family who has moved from the jurisdiction of another authority, who received housing assistance from the authority for such other jurisdiction, and whose assistance was terminated by such other authority for reasons other than income ineligibility or the change of residence.

(g) LOSS OF ASSISTANCE UPON TERMINATION OF TENANCY.—A local housing and management

authority may, to the extent such policies are described in the local housing management plan of the authority and included in the lease for a dwelling unit, establish policies providing that an assisted family whose tenancy is terminated for serious violations of the terms or conditions of the lease shall—

(1) lose any right to continued housing assistance; and

(2) immediately become ineligible for housing assistance under this title for a period not exceeding 3 years from the date of the termination of the housing assistance.

(h) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIOLENCE.—A local housing and management authority shall be subject to the restrictions regarding release of information relating to the identity and new residence of any family receiving housing assistance who was a victim of domestic violence that are applicable to shelters pursuant to the Family Violence Prevention and Services Act. The authority shall work with the United States Postal Service to establish procedures consistent with the confidentiality provisions in the Violence Against Women Act of 1994.

SEC. 322. RESIDENT CONTRIBUTION.

(a) IN GENERAL.—An assisted family shall contribute on a monthly basis for the rental of an assisted dwelling unit an amount that the local housing and management authority determines is appropriate with respect to the family. The amount of the minimum monthly rental contribution—

(1) shall be based upon factors including the adjusted income of the family and any other factors that the authority considers appropriate;

(2) shall be not less than $25;

(3) shall include any portion of the cost of utilities for the dwelling unit for which the resident is responsible; and

(4) may be increased annually by the authority, except that no such annual increase may exceed 10 percent of the amount of the minimum monthly contribution in effect for the preceding year.

In any case in which the monthly rent charged for a dwelling unit pursuant to the housing assistance payments contract exceeds the payment standard (established under section 353) for the dwelling unit, the assisted family residing in the unit shall contribute (in addition to the amount of the monthly rent contribution otherwise determined under this subsection for such family) such entire excess rental amount.

(b) RENTAL CONTRIBUTION FOR ELDERLY AND DISABLED FAMILIES.—In establishing the amount of monthly rental contributions under this section for disabled families and elderly families residing in assisted dwelling units, a local housing and management authority shall waive the applicability of any provision of subsection (a) that may be necessary to establish such contributions that are reasonable based on the adjusted incomes of such families.

(c) TREATMENT OF CHANGES IN RENTAL CONTRIBUTION.—

(1) NOTIFICATION OF CHANGES.—A local housing and management authority shall promptly notify the owner of an assisted dwelling unit of any change in the resident contribution by the assisted family residing in the unit that takes effect immediately or at a later date.

(2) COLLECTION OF RETROACTIVE CHANGES.—In the case of any change in the rental contribution of an assisted family that affects rental payments previously made, the local housing and management authority shall collect any additional amounts required to be paid by the family under such change directly from the family and shall refund any excess rental contribution paid by the family directly to the family.

(d) PHASE-IN OF RENT CONTRIBUTION INCREASES.—

(1) IN GENERAL.—Except as provided in paragraph (2), for any family that is receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 upon the initial applicability of the provisions of this title to such family, if the monthly contribution for rental of an assisted dwelling unit to be paid by the family upon such initial applicability is greater than the amount paid by the family under the provisions of the United States Housing Act of 1937 immediately before such applicability, any such resulting increase in rent contribution shall be—

(A) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more of such contribution before initial applicability; and

(B) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent of such contribution before initial applicability.

(2) EXCEPTION.—The minimum rent contribution requirement under subsection (a)(2) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

SEC. 323. RENTAL INDICATORS.

(a) IN GENERAL.—The Secretary shall establish and issue rental indicators under this section periodically, but not less than annually, for existing rental dwelling units that are eligible dwelling units. The Secretary shall establish and issue the rental indicators by housing market area (as the Secretary shall establish) for various sizes and types of dwelling units.

(b) AMOUNT.—For a market area, the rental indicator established under subsection (a) for a dwelling unit of a particular size and type in the market area shall be a dollar amount that reflects the rental amount for a standard quality rental unit of such size and type in the market area that is an eligible dwelling unit.

(c) EFFECTIVE DATE.—The Secretary shall cause the proposed rental indicators established under subsection (a) for each market area to be published in the Federal Register with reasonable time for public comment, and such rental indicators shall become effective upon the date of publication in final form in the Federal Register.

(d) ANNUAL ADJUSTMENT.—Each rental indicator in effect under this section shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so that the indicators will be current for the year to which they apply, in rents for existing rental dwelling units of various sizes and types in the market area suitable for occupancy by families assisted under this title.

SEC. 324. LEASE TERMS.

Rental assistance may be provided for an eligible dwelling unit only if the assisted family and the owner of the dwelling unit enter into a lease for the unit that—

(1) provides for a single lease term of 12 months and continued tenancy after such term under a periodic tenancy on a month-to-month basis;

(2) contains terms and conditions specifying that termination of tenancy during the term of a lease shall be subject to the provisions set forth in section 325; and

(3) is set forth in the standard form, which is used in the local housing market area by the owner and applies generally to any other tenants in the property who are not assisted families, together with any addendum necessary to include the many terms required under this section.

A lease may include any addenda appropriate to set forth the provisions under section 325.

SEC. 325. TERMINATION OF TENANCY.

(a) GENERAL GROUNDS FOR TERMINATION OF TENANCY.—Each housing assistance payments contract under section 351 shall provide that the owner of any assisted dwelling unit assisted under the contract may, before expiration of a lease for a unit, terminate the tenancy of any tenant of the unit, but only for—

(1) violation of the terms and conditions of the lease, violation of applicable Federal, State, or local law, or other good cause; or

(2) any activity, engaged in by the tenant, any member of the tenant's household, or any guest or other person under the tenant's control, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenants or employees of the owner or manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises; or

(C) is criminal activity (including drug-related criminal activity).

(b) MANNER OF TERMINATION.—Each housing assistance payments contract shall provide that the owner shall conduct the termination of tenancy of any tenant of an assisted dwelling unit under the contract in accordance with applicable State or local laws, including providing any notice of termination required under such laws.

SEC. 326. ELIGIBLE OWNERS.

(a) OWNERSHIP ENTITY.—Rental assistance under this title may be provided for any eligible dwelling unit for which the owner is any public agency, private person or entity (including a cooperative), nonprofit organization, agency of the Federal Government, or local housing and management authority.

(b) INELIGIBLE OWNERS.—

(1) IN GENERAL.—Notwithstanding subsection (a), a local housing and management authority may not enter into a housing assistance payments contract (or renew an existing contract) covering a dwelling unit that is owned by an owner who is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations.

(2) PROHIBITION OF SALE TO RELATED PARTIES.—The Secretary shall establish guidelines to prevent housing assistance payments for a dwelling unit that is owned by any spouse, child, or other party who allows an owner described in paragraph (1) to maintain control of the unit.

(3) RULE OF CONSTRUCTION.—This subsection may not be construed to prohibit, or authorize the termination or suspension, of payment of housing assistance under a housing assistance payments contract in effect at the time such debarment, suspension, or limited denial of participation takes effect.

SEC. 327. SELECTION OF DWELLING UNITS.

(a) FAMILY CHOICE.—The determination of the dwelling unit in which an assisted family resides and for which housing assistance is provided under this title shall be made solely by the assisted family, subject to the provisions of this title.

(b) DEED RESTRICTIONS.—Housing assistance may not be used in any manner that abrogates any local deed restriction that applies to any housing consisting of 1 to 4 dwelling units. Nothing in this section may be construed to affect the provisions or applicability of the Fair Housing Act.

SEC. 328. ELIGIBLE DWELLING UNITS.

(a) IN GENERAL.—A dwelling unit shall be an eligible dwelling unit for purposes of this title only if the local housing and management authority to provide housing assistance for the dwelling unit determines that the dwelling unit—

(1) is an existing dwelling unit that is not located within a nursing home or the grounds of any penal, reformatory, medical, mental, or similar public or private institution; and

(2) complies—

(A) with applicable State or local laws, regulations, standards, or codes regarding habitability of residential dwellings that—

(i) are in effect for the jurisdiction in which the dwelling unit is located;

(ii) provide protection to residents of the dwellings that is equal to or greater than the

protection provided under the housing quality standards established under subsection (b); and

(iii) that do not severely restrict housing choice; or

(B) in the case of a dwelling unit located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in subparagraph (A), with the housing quality standards established under subsection (b).

Each local housing and management authority providing housing assistance shall identify, in the local housing management plan for the authority, whether the authority is utilizing the standard under subparagraph (A) or (B) of paragraph (2) and, if the authority utilizes the standard under subparagraph (A), shall certify in such plan that the applicable State or local laws, regulations, standards, or codes comply with the requirements under such subparagraph.

(b) DETERMINATIONS.—

(1) IN GENERAL.—A local housing and management authority shall make the determinations required under subsection (a) pursuant to an inspection of the dwelling unit conducted before any assistance payment is made for the unit.

(2) FAILURE TO INSPECT.—Notwithstanding subsection (a), if the inspection and the determinations referred to in paragraph (1) are not made before the expiration of the 7-day period beginning upon a request by the resident or landlord to the local housing and management authority—

(A) the dwelling unit shall be considered to be an eligible dwelling unit for purposes of this title; and

(B) the assisted family may occupy the dwelling unit, and assistance payments for the unit may be made before necessary repairs are completed, it the owner agrees to make such repairs within 15 days.

(c) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this subsection that ensure that assisted dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 232(b). The Secretary shall differentiate between major and minor violations of such standards.

(d) ANNUAL INSPECTIONS.—Each local housing and management authority providing housing assistance shall make an annual inspection of each assisted dwelling unit during the term of the housing assistance payments contracts for the unit to determine whether the unit is maintained in accordance with the requirements under subsection (a)(2). The authority shall submit the results of such inspections to the Secretary and the Inspector General for the Department of Housing and Urban Development and such results shall be available to the Housing Foundation and Accreditation Board established under title IV and any auditor conducting an audit under section 432.

(e) INSPECTION GUIDELINES.—The Secretary shall establish procedural guidelines and performance standards to facilitate inspections of dwelling units and conform such inspections with practices utilized in the private housing market. Such guidelines and standards shall take into consideration variations in local laws and practices of local housing and management authorities and shall provide flexibility to authorities appropriate to facilitate efficient provision of assistance under this title.

(f) RULE OF CONSTRUCTION.—This section may not be construed to prevent the provision of housing assistance in connection with supportive services for elderly or disabled families.

SEC. 329. HOMEOWNERSHIP OPTION.

(a) IN GENERAL.—A local housing and management authority providing housing assistance under this title may provide homeownership assistance to assist eligible families to purchase a dwelling unit (including purchase under lease-purchase homeownership plans).

(b) REQUIREMENTS.—A local housing and management authority providing homeownership assistance under this section shall, as a condition of an eligible family receiving such assistance, require the family to—

(1) demonstrate that the family has income from employment or other sources (other than public assistance), as determined in accordance with requirements established by the authority; and

(2) meet any other initial or continuing requirements established by the local housing and management authority.

(c) DOWNPAYMENT REQUIREMENT.—

(1) IN GENERAL.—A local housing and management authority may establish minimum downpayment requirements, if appropriate, in connection with loans made for the purchase of dwelling units for which homeownership assistance is provided under this section. If the authority establishes a minimum downpayment requirement, except as provided in paragraph (2) the authority shall permit the family to use grant amounts, gifts from relatives, contributions from private sources, and similar amounts as downpayment amounts in such purchase.

(2) DIRECT FAMILY CONTRIBUTION.—In purchasing housing pursuant to this section subject to a downpayment requirement, each family shall contribute an amount of the downpayment, from resources of the family other than grants, gifts, contributions, or other similar amounts referred to in paragraph (1), that is not less than 1 percent of the purchase price.

(d) INELIGIBILITY UNDER OTHER PROGRAMS.—A family may not receive homeownership assistance pursuant to this section during any period when assistance is being provided for the family under other Federal homeownership assistance programs, as determined by the Secretary, including assistance under the HOME Investment Partnerships Act, the Homeownership and Opportunity Through HOPE Act, title II of the Housing and Community Development Act of 1987, and section 502 of the Housing Act of 1949.

Subtitle C—Payment of Housing Assistance on Behalf of Assisted Families

SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.

(a) IN GENERAL.—Each local housing and management authority that receives amounts under a contract under section 302 may enter into housing assistance payments contracts with owners of existing dwelling units to make housing assistance payments to such owners in accordance with this title.

(b) LHMA ACTING AS OWNER.—A local housing and management authority may enter into a housing assistance payments contract to make housing assistance payments under this title to itself (or any agency or instrumentality thereof) as the owner of dwelling units, and the authority shall be subject to the same requirements that are applicable to other owners, except that the determinations under section 328(a) and 354(b) shall be made by a competent party not affiliated with the authority or the owner, and the authority shall be responsible for any expenses of such determinations.

(c) PROVISIONS.—Each housing assistance payments contract shall—

(1) have a term of not more than 12 months;

(2) require that the assisted dwelling unit may be rented only pursuant to a lease that complies with the requirements of section 324;

(3) comply with the requirements of section 325 (relating to termination of tenancy);

(4) require the owner to maintain the dwelling unit in accordance with the applicable standards under section 328(a)(2); and

(5) provide that the screening and selection of eligible families for assisted dwelling units shall be the function of the owner.

SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.

The amount of the monthly assistance payment for housing assistance under this title on behalf of an assisted family shall be as follows:

(1) UNITS HAVING GROSS RENT LESS THAN PAYMENT STANDARD.—In the case of a dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the amount by which the gross rent for the dwelling unit exceeds the amount of the resident contribution determined in accordance with section 322.

(2) UNITS HAVING GROSS RENT EXCEEDING PAYMENT STANDARD.—In the case of a dwelling unit bearing a gross rent that exceeds the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the amount by which such payment standard exceeds the amount of the resident contribution determined in accordance with section 322.

SEC. 353. PAYMENT STANDARDS.

(a) ESTABLISHMENT.—Each local housing and management authority providing housing assistance under this title shall establish payment standards under this section for various areas, and sizes and types of dwelling units, for use in determining the amount of monthly housing assistance payment to be provided on behalf of assisted families.

(b) USE OF RENTAL INDICATORS.—The payment standard for each size and type of housing for each market area shall be an amount that is not less than 80 percent, and not greater than 120 percent, of the rental indicator established under section 323 for such size and type for such area.

(c) REVIEW.—If the Secretary determines, at any time, that a significant percentage of the assisted families who are assisted by a large local housing and management authority and are occupying dwelling units of a particular size are paying more than 30 percent of their adjusted incomes for rent, the Secretary shall review the payment standard established by the authority for such size dwellings. If, pursuant to the review, the Secretary determines that such payment standard is not appropriate to serve the needs of the low-income population of the jurisdiction served by the authority (taking into consideration rental costs in the area), as identified in the approved community improvement plan of the authority, the Secretary may require the local housing and management authority to modify the payment standard. For purposes of this subsection, the term ''large local housing and management authority'' means a local housing and management authority that provides housing assistance on behalf of 1250 or more assisted families.

SEC. 354. REASONABLE RENTS.

(a) ESTABLISHMENT.—The rent charged for a dwelling unit for which rental assistance is provided under this title shall be established pursuant to negotiation and agreement between the assisted family and the owner of the dwelling unit.

(b) REASONABLENESS.—

(1) DETERMINATION.—A local housing and management authority providing rental assistance under this title for a dwelling unit shall, before commencing assistance payments for a unit, determine whether the rent charged for the unit exceeds the rents charged for comparable units in the applicable private unassisted market.

(2) UNREASONABLE RENTS.—If the authority determines that the rent charged for a dwelling unit exceeds such comparable rents, the authority shall—

(A) inform the assisted family renting the unit that such rent exceeds the rents for comparable unassisted units in the market; and

(B) refuse to provide housing assistance payments for such unit.

SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT RENTAL UNITS.

If an assisted family vacates a dwelling unit for which rental assistance is provided under a housing assistance payments contract before the expiration of the term of the lease for the unit, rental assistance pursuant to such contract may not be provided for the unit after the month during which the unit was vacated.

Subtitle D—General and Miscellaneous Provisions

SEC. 371. DEFINITIONS.

For purposes of this title:

(1) ASSISTED DWELLING UNIT.—The term ''assisted dwelling unit'' means a dwelling unit in which an assisted family resides and for which housing assistance payments are made under this title.

(2) ASSISTED FAMILY.—The term ''assisted family'' means an eligible family on whose behalf housing assistance payments are made under this title or who has been selected and approved for housing assistance.

(3) CHOICE-BASED.—The term ''choice-based'' means, with respect to housing assistance, that the assistance is not attached to a dwelling unit but can be used for any eligible dwelling unit selected by the eligible family.

(4) ELIGIBLE DWELLING UNIT.—The term ''eligible dwelling unit'' means a dwelling unit that complies with the requirements under section 328 for consideration as an eligible dwelling unit.

(5) ELIGIBLE FAMILY.—The term ''eligible family'' means a family that meets the requirements under section 321(a) for assistance under this title.

(6) HOMEOWNERSHIP ASSISTANCE.—The term ''homeownership assistance'' means housing assistance provided under section 329 for the ownership of a dwelling unit.

(7) HOUSING ASSISTANCE.—The term ''housing assistance'' means assistance provided under this title on behalf of low-income families for the rental or ownership of an eligible dwelling unit.

(8) HOUSING ASSISTANCE PAYMENTS CONTRACT.—The term ''housing assistance payments contract'' means a contract under section 351 between a local housing and management authority (or the Secretary) and an owner to make housing assistance payments under this title to the owner on behalf of an assisted family.

(9) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The terms ''local housing and management authority'' and ''authority'' have the meaning given such terms in section 103, except that the terms include—

(A) a consortia of local housing and management authorities that the Secretary determines has the capacity and capability to administer a program for housing assistance under this title in an efficient manner;

(B) any other entity that, upon the date of the enactment of this Act, was administering any program for tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act), pursuant to a contract with the Secretary or a public housing agency; and

(C) with respect to any area in which no local housing and management authority has been organized or where the Secretary determines that a local housing and management authority is unwilling or unable to implement this title, or is not performing effectively—

(i) the Secretary or another entity that by contract agrees to receive assistance amounts under this title and enter into housing assistance payments contracts with owners and perform the other functions of local housing and management authority under this title; or

(ii) notwithstanding any provision of State or local law, a local housing and management authority for another area that contracts with the Secretary to administer a program for housing assistance under this title, without regard to any otherwise applicable limitations on its area of operation.

(10) OWNER.—The term ''owner'' means the person or entity having the legal right to lease or sublease dwelling units. Such term includes any principals, general partners, primary shareholders, and other similar participants in any entity owning a multifamily housing project, as well as the entity itself.

(11) RENT.—The terms ''rent'' and ''rental'' include, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

(12) RENTAL ASSISTANCE.—The term ''rental assistance'' means housing assistance provided under this title for the rental of a dwelling unit.

SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.

(a) AUTHORITY TO RETAIN RECOVERED AMOUNTS.—The Secretary shall permit local housing and management authorities administering housing assistance under this title to retain, out of amounts obtained by the authorities from tenants that are due as a result of fraud and abuse, an amount (determined in accordance with regulations issued by the Secretary) equal to the greater of—

(1) 50 percent of the amount actually collected; or

(2) the actual, reasonable, and necessary expenses related to the collection, including costs of investigation, legal fees, and collection agency fees.

(b) USE.—Amounts retained by an authority shall be made available for use in support of the affected program or project, in accordance with regulations issued by the Secretary. If the Secretary is the principal party initiating or sustaining an action to recover amounts from families or owners, the provisions of this section shall not apply.

(c) RECOVERY.—Amounts may be recovered under this section—

(1) by an authority through a lawsuit (including settlement of the lawsuit) brought by the authority or through court-ordered restitution pursuant to a criminal proceeding resulting from an authority's investigation where the authority seeks prosecution of a family or where an authority seeks prosecution of an owner;

(2) through administrative repayment agreements with a family or owner entered into as a result of an administrative grievance procedure conducted by an impartial decisionmaker in accordance with section 110; or

(3) through an agreement between the parties.

SEC. 373. STUDY REGARDING GEOGRAPHIC CONCENTRATION OF ASSISTED FAMILIES.

(a) IN GENERAL.—The Secretary shall conduct a study of the geographic areas in the State of Illinois served by the Housing Authority of Cook County and the Chicago Housing Authority and submit to the Congress a report and a specific proposal, which addresses and resolves the issues of—

(1) the adverse impact on local communities due to geographic concentration of assisted households under the tenant-based housing programs under section 8 of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) and under this title; and

(2) facilitating the deconcentration of such assisted households by providing broader housing choices to such households.

The study shall be completed, and the report shall be submitted, not later than 90 days after the date of the enactment of this Act.

(b) CONCENTRATION.—For purposes of this section, the term ''concentration'' means, with respect to any area within a census tract, that—

(1) 15 percent or more of the households residing within such area have incomes which do not exceed the poverty level; or

(2) 15 percent or more of the total affordable housing stock located within such area is assisted housing.

The CHAIRMAN. Are there amendments to title III?

AMENDMENT NO. 47 OFFERED BY MR. SANDERS

Mr. SANDERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 47 offered by Mr. SANDERS: Page 145, line 23, strike ''6.5 percent'' and insert ''7.65 percent''.

Page 146, lines 4 and 5, strike ''6.5 percent'' and insert ''7.65 percent''.

Page 146, line 7, strike ''6.0 percent'' and insert ''7.0 percent''.

The CHAIRMAN. Pursuant to the order of the Committee of May 8, 1996, the gentleman from Vermont [Mr. SANDERS] will be recognized for 5 minutes in support of his amendment, and the gentleman from New York [Mr. LAZIO] will be recognized for 5 minutes in opposition to the amendment.

The Chair recognizes the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me begin by thanking the Republican leadership here, because my understanding is that they will be accepting this amendment. In truth, this is a tripartisan amendment. It has support from the gentlewoman from New Jersey [Mrs. ROUKEMA] and other Republicans, as well as many Democrats.

Mr. Chairman, many Members of Congress have criticized public housing and believe that Americans should be able to decide for themselves how best to spend their housing allowance. These critics should be supporters of the Section 8 program, but this laudable program is not reaching everyone that is eligible for assistance.

About 1.5 million people receive section 8 assistance, but close to that same amount are on the waiting list. In my home State of Vermont, the waiting list is over 3 years long. In some areas, applicants wait for more than 10 years.

Unfortunately, this bill contains a provision that would make these waiting periods even longer. I am talking about the major cuts in fees for administering the Section 8 program. If the bill had been in place for fiscal year 1996, housing authorities would have received, on average, 23 percent less to administer the tenant-based Section 8 program. Nationally, according to HUD, we are talking about a $182 million cut in section 8 administration.

In California alone, that cut amounts to almost $30 million; in New York, over $21 million; and in New Jersey, over $7 million. In my small State of Vermont, we would lose $318,000.

Mr. Chairman, the simple fact of the matter is that this cut goes far too deep. If we believe in section 8 housing, then we must allocate enough money for the program to be administered effectively. Otherwise, we are killing this program through a backdoor method and I do not think that that is

what the majority of Members want to do.

There is widespread support for section 8, and I do not believe that anyone really wants to hurt it. This bill provides for a two-tier formula where public housing authorities get a fee based on 6.5 percent of fair market value for the first 600 units and 6 percent of fair market value for the rest.

Mr. Chairman, this is a huge cut from the fiscal year 1995 and fiscal year 1996, when fees were based on 8.2 percent of fair market value. HUD estimates that over 90 percent of the agencies that administer Section 8 housing will lose more than 15 percent of their administrative funds. On average, it will be an estimated 23-percent cut per agency.

Mr. Chairman, I am offering a compromise amendment that puts the fee level about halfway in between where the funds are today and where they would be under the provisions of the bill. The two-tiered formula would remain, but the 6 percent number would be raised to 7 percent and the 6.5 percent number would be raised to 7.65. It is a compromise between the 8.2 percent formula used today and the 6 and 6.5 percent levels recommended in the bill.

Mr. Chairman, I should point out that that is the formula recommended by HUD and HUD supports this amendment. The National Association of Housing and Redevelopment Officials are also strong supporters of this amendment.

Frankly, Mr. Chairman, many of us had believed that this amendment was going to be accepted as part of the manager's amendment and we were surprised that it was not. If it is adopted, fees would still be cut an estimated 10.5 percent. That is a big cut. That is a major cut. But it would not devastate the administration of the program as the proposed cuts do. This is a compromise position, and my hope is that it would be supported by all Members.

Mr. Chairman, let me conclude by stating that every State in the country is severely affected by the provisions stated in this bill. It provides for an estimated 23 percent cut in Section 8 administrative fees. That is much too high.

Mr. Chairman, I urge my colleagues to please support the compromise position and vote ''yes.''

Mr. Chairman, I reserve the balance of my time.

Mrs. ROUKEMA. Mr. Chairman, I want to commend Chairman LAZIO for his hard work on this thoughtful and forward thinking proposal to reform our public housing system, and ask the chairman to consider accepting the amendment offered by Congressman SANDERS.

H.R. 2406 significantly reforms the public housing programs and requires our public housing authorities to take on significant new responsibilities. At a time when we are making such monumental changes in the public housing assistance program, we should be careful not to reduce the fees to a level that could seriously undermined the ability of the authorities to do their job in an efficient and effective manner.

As the bill currently stands, my State would be forced to absorb a 23-percent reduction in administrative fees, and your own State New York will take a 24-percent reduction. Everyone that administers section 8 would be hurt—over 90 percent of the 2,300 agencies administering section 8 programs would lose more than 15 percent of their fees.

While I strongly support spending reductions and want to reach the goal of a balanced budget, I am concerned about the impact of such a large reduction on the agencies that administer section 8 tenant-based rental housing assistance programs.

The Sanders amendment would still require a reduction in spending. However, while the current proposal included in H.R. 2406 would require an overall reduction of 23.6 percent in fiscal year 1996; the Sanders amendment would require only a 10.5-percent reduction in administrative fees. This puts the fee level about halfway between where the funds are today and where they would be under the provisions of the bill. The two-tiered formula would remain, but instead of 6.5 percent for the first 600 units, and 6 percent for additional units, the fee would be 7.65 percent and 7 percent respectfully.

This amendment deserves the support of the chairman, and I urge your support.

Mr. LAZIO of New York. Mr. Chairman, I yield back the balance of my time.

Mr. SANDERS. Mr. Chairman, I urge the passage of this amendment, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. SANDERS].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to title III?

AMENDMENT NO. 16 OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 16 offered by Mr. KENNEDY of Massachusetts: Page 150, strike line 3 and all that follows through line 25, insert the following:

(b) ADDITIONAL ASSISTANCE.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, for choice-based housing assistance under this title—

(A) to be used in accordance with paragraph (2)(A), $50,000,000 for fiscal year 1997, and such sums as may be necessary for each subsequent fiscal year; and

(B) to be used in accordance with paragraph (2)(B), $195,000,000 for fiscal year 1997, and such sums as may be necessary for each subsequent fiscal year.

(2) USE.—

(A) NONELDERLY DISABLED FAMILIES.—The Secretary shall provide amounts made available under paragraph (1)(A) to local housing and management authorities only for use to provide housing assistance under this title for nonelderly disabled families (including such families relocating pursuant to designation of a public housing development under section 227 and other nonelderly disabled families who have applied to the authority for housing assistance under this title).

(B) WELFARE AND HOMELESS FAMILIES.—The Secretary shall provide amounts made available under paragraph (1)(B) to local housing and management authorities only for use to provide housing assistance under this title for, as determined by the Secretary, the following families:

(i) Families participating in programs that link housing assistance to State and local welfare reform strategies for the purposes of assisting families making the transition from welfare to work and empowering families to choose housing in locations that offer the best access to jobs, education, training, and other services needed to achieve long-term self-sufficiency.

(ii) Homeless families with children.

(iii) Other eligible families.

(3) ALLOCATION OF AMOUNTS.—The Secretary shall allocate and provide amounts made available under paragraph (1) to local housing and management authorities as the Secretary determines appropriate based on the relative levels of need among the authorities for assistance for families described in subparagraphs (A) and (B) of paragraph (2) and such other relevant factors as the Secretary deems appropriate.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Massachusetts [Mr. KENNEDY] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment deals with what I think is a critical shortage, and I am sure the gentleman from New York [Mr. LAZIO], my friend and chairman of the committee, will agree that there is an unprecedented aspect of this bill which we have not discussed as yet, and that is that this is the first time in some 15 years that we have zeroed out or limited the number of new vouchers that will be provided for by our Government to the people in greatest need.

Mr. Chairman, we have had so much debate over the course of the last several years about how we are going to help people transition from welfare to work. The truth of the matter is if we are really interested in getting people out of welfare and into work, we have to recognize that we are going to need to deal with some short-term housing needs.

This amendment would provide for those short-term housing needs by virtue of a $195 million allocation for welfare and homeless families where they are involved solely in programs linking work and welfare, and/or other homeless families with children that would qualify.

This tries to deal with the fact that if we simply level off the number of Section 8 vouchers that we are providing, and do not take into account the fact that there are now many more people that are going to need those vouchers, particularly if they are in a transition from welfare to work, that we give rhetoric to the whole idea of the transition but we do not put the dollars that are necessary to fulfill the hopes and dreams of people that actually want to get off of the welfare system and get back into full-fledged

American society in the sense of being able to participate and being able to go out and make some money and have a self-sustaining home and family life.

So, Mr. Chairman, I would hope that we could have an agreement. I fully recognize that trying to get an additional authorization of appropriations of $50 million for locating the elderly and the nonelderly and tenants dislocated because of project changes that we have talked about that might occur as a result of the over 30,000 units that are going to be destroyed because of the flexibilities that we are building into this bill, it would be very difficult to actually obtain given the make up of the House of Representatives and the fact that we have seen the housing budget of the country cut by 25 percent.

So, trying to actually get more money in this bill is probably a very difficult thing. If we offered an amendment and called for a vote, the truth of the matter is we would probably lose it. But I would like to enter into a dialog with my good friend and chairman, the gentleman from New York [Mr. LAZIO], with the hopes that he would commit himself in the conference that will be generated between this body and the other body to make certain that we try to leverage as many new Section 8 vouchers as we possibly can.

Mr. LAZIO of New York. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I yield to the gentleman from New York.

Mr. LAZIO of New York. Mr. Chairman, as the gentleman has suggested, we have actually in our bill allowed for the issuance or the authorization for the issuance of new vouchers over and above those that currently exist and those that get turned in. We authorize the issuance of further vouchers.

Mr. Chairman, as we go through the conference process, I would assure the gentleman that I will continue to support strongly the authority for new incremental vouchers, and I will also support that through the budget process wherever possible.

Mr. KENNEDY of Massachusetts. Mr. Chairman, reclaiming my time, I appreciate the gentleman's offer. I point out that we are holding out the promise of being able to transition from welfare to work. If all we do is give the promise without the necessary dollars to actually allow people to get out of public housing and get back on track, then it is a false hope and we end up destroying lives rather than helping to improve them.

So, Mr. Chairman, I look forward to working with the gentleman from New York.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. Are there other amendments to title III?

AMENDMENT NO. 32 OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent that it now be in order to consider amendment No. 32, without prejudice to other amendments in title III.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio:

There was no objection.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 32 offered by Mr. TRAFICANT: At the end of title V of the bill, insert the following new section:

SEC. 504. USE OF AMERICAN PRODUCTS.

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

The CHAIRMAN. Pursuant to the unanimous-consent agreement of May 8, 1996, the gentleman from Ohio [Mr. TRAFICANT] will be recognized for 5 minutes, and a Member in opposition will be recognized for 5 minutes.

The Chair recognizes the gentleman from Ohio [Mr. TRAFICANT].

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Mr. TRAFICANT. Mr. Chairman, I yield myself such time as I may consume.

This is a straightforward amendment, buy American amendment. If we are going to get people off welfare and into work, there is only one way to do it. That is to create a few jobs. If the products are made in America by American workers who get a paycheck, who pay taxes, that is a pretty good way and a pretty good start to doing it. This is not a fancy amendment, but in our housing programs they buy sinks, they buy toilets. They buy plumbing materials. They buy electrical supplies. There is an awful lot of procurement.

And for the Members of the House to understand something, it came to my attention just this week, that certain legislative offices here at the Capitol got brand new televisions that were made in Malaysia. The question I have is, how many people in Malaysia pay taxes to Uncle Sam?

I am for all of this internationalism. I am hoping that we will pass H.R. 447, the 1–800 buy America program that whenever any citizen is going to make a purchase over $250, they could call that buy American number and say, what product is made in America. Hopefully there will be some products made in America. There will be some jobs. I appreciate the fact no one objected to this being taken out of order. I would ask that it be included in the bill and saved in the conference.

I yield to the gentleman from New York [Mr. LAZIO], a good friend doing a good job on this tough bill.

Mr. LAZIO of New York. Mr. Chairman, beam me up, Scottie. We would not have an American housing bill without a buy American amendment by my friend, the gentleman from Ohio. I want to say that I am happy to support the gentleman's amendment, urge its adoption, thank the gentleman for coming to the floor, continuing to remind us of the buy American pattern.

I hope Americans that are watching this continue to stay focused on buying American goods wherever possible and that we encourage that in our public and assisted housing as well.

Mr. TRAFICANT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Is there a Member seeking time in opposition to the amendment?

If not, the question is on the amendment offered by the gentleman from Ohio [Mr. TRAFICANT].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to title III?

AMENDMENT NO. 6 OFFERED BY MR. FILNER

Mr. FILNER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. FILNER:

Page 170, after line 3, insert the following new section:

SEC. 330. ASSISTANCE FOR RENTAL OF MANUFACTURED HOMES.

(a) AUTHORITY.—Nothing in this title may be construed to prevent a local housing and management authority from providing housing assistance under this title on behalf of a low-income family for the rental of—

(1) a manufactured home that is the principal residence of the family and the real property on which the home is located; or

(2) the real property on which is located a manufactured home, which is owned by the family and is the principal residence of the family.

(b) ASSISTANCE FOR CERTAIN FAMILIES OWNING MANUFACTURED HOMES.—

(1) AUTHORITY.—Notwithstanding section 351 or any other provision of this title, a local housing and management authority that receives amounts under a contract under section 302 may enter into a housing assistance payment contract to make assistance payments under this title to a family that owns a manufactured home, but only as provided in paragraph (2).

(2) LIMITATIONS.—In the case of a low-income family that owns a manufactured home, rents the real property on which it is located, and to whom housing assistance under this title has been made available for the rental of such property, the local housing and management authority making such assistance available shall enter into a contract to make housing assistance payments under this title directly to the family (rather than to the owner of such real property) if—

(1) the owner of the real property refuses to enter into a contract to receive housing assistance payments pursuant to section 351(a);

(2) the family was residing in such manufactured home on such real property at the time such housing assistance was initially made available on behalf of the family;

(3) the family provides such assurances to the agency, as the Secretary may require, to

ensure that amounts from the housing assistance payments are used for rental of the real property; and

(4) the rental of the real property otherwise complies with the requirements for assistance under this title.

A contract pursuant to this subsection shall be subject to the provisions of section 351 and any other provisions applicable to housing assistance payments contracts under this title, except that the Secretary may provide such exceptions as the Secretary considers appropriate to facilitate the provision of assistance under this subsection.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from California [Mr. FILNER] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from California [Mr. FILNER].

Mr. FILNER. Mr. Chairman, I yield myself such time as I may consume.

My amendment could be called the mobile homeowners protection amendment, because it calls for fairness and equity for thousands of our citizens who live in mobile homes. Currently, as you know, housing assistance payments are made to landlords of rental property, not to the tenants. And in most cases, this makes sense. For example, an apartment renter having received a housing assistance payment could move without using the money for rent. But we have a very unique situation with residents of mobile homes. Most own their own home and rent the land on which it sits.

Contrary to the name, mobile home, they are really not free to move quickly. It is both laborious and expensive to do so. For example, in San Diego County, where many of my constituents live in mobile homes, it costs a minimum of $10,000 to move a mobile home.

In fact, in San Diego County, they can barely move at all because there are very few empty spaces and they are held captive to the whims of the park owners from whom they rent a space to park their homes.

Mr. Chairman, when park owners decide they will not accept housing assistance payments, the mobile home residents are stuck because the law says their participation is voluntary and there is nothing that the department of HUD can do to force owners to accept payments for residents.

In fact, recently HUD told a couple of my constituents who had section 8 eligibility whose park owner would not accept it, just move. Well, as I have said before, they cannot move.

So my amendment will fix that. It is a simple change in the law which will allow housing assistance payments to go to the tenants of mobile home parks, the people who must rent their land upon which to put their mobile home. This amendment will not increase costs. It will not force mobile home park residents to accept new residents because mobile home residents who qualify for rental assistance do so because they have either grown older or become disabled. They are already residents of these mobile home parks by my amendment.

This amendment will provide fairness to our citizens who need housing assistance and who live in mobile home parks.

Mr. Chairman, that explains the amendment. If there are any questions or comments from the honorable chairman, I would be happy to answer them.

Mr. LAZIO of New York. Mr. Chairman, will the gentleman yield?

Mr. FILNER. I yield to the gentleman from New York.

Mr. LAZIO of New York. Mr. Chairman, I know the gentleman refers to what is referred to as a mobile home, but this amendment is far broader than just mobile home. In fact, manufactured homes these days, a combination of prefabricated homes in a number of different styles, are increasingly attractive, and I know the gentleman from Indiana, my friend, Mr. ROEMER, would be quick to suggest to me that manufactured homes are not just mobile homes as well as other Members. I think this is a good amendment. I appreciate the gentleman's cooperation, working with both me personally and our staff. I am happy to accept and support this amendment.

Mr. FILNER. Mr. Chairman, I thank the gentleman. I appreciate the correct terminology here and certainly that is what my amendment uses.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Does any Member seek time in opposition to the amendment?

If not, the question is on the amendment offered by the gentleman from California [Mr. FILNER].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title III?

If not, the Clerk will designate title IV.

The text of title IV is as follows:

TITLE IV—ACCREDITATION AND OVERSIGHT OF LOCAL HOUSING AND MANAGEMENT AUTHORITIES

Subtitle A—Housing Foundation and Accreditation Board

SEC. 401. ESTABLISHMENT.

There is established an independent agency in the executive branch of the Government to be known as the Housing Foundation and Accreditation Board (in this title referred to as the ''Board'').

SEC. 402. MEMBERSHIP.

(a) IN GENERAL.—The Board shall be composed of 12 members appointed by the President not later than 180 days after the date of the enactment of this Act, as follows:

(1) 4 members shall be appointed from among 10 individuals recommended by the Secretary of Housing and Urban Development.

(2) 4 members shall be appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(3) 4 members appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking and Financial Services of the House of Representatives.

(b) QUALIFICATIONS.—

(1) REQUIRED REPRESENTATION.—The Board shall at all times have the following members:

(A) 2 members who are residents of public housing or dwelling units assisted under title III of this Act or the provisions of section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act).

(B) 2 members who are executive directors of local housing and management authorities.

(C) 1 member who is a member of the Institute of Real Estate Managers.

(D) 1 member who is the owner of a multifamily housing project assisted under a program administered by the Secretary of Housing and Urban Development.

(2) REQUIRED EXPERIENCE.—The Board shall at all times have as members individuals with the following experience:

(A) At least 1 individual who has extensive experience in the residential real estate finance business.

(B) At least 1 individual who has extensive experience in operating a nonprofit organization that provides affordable housing.

(C) At least 1 individual who has extensive experience in construction of multifamily housing.

(D) At least 1 individual who has extensive experience in the management of a community development corporation.

A single member of the board with the appropriate experience may satisfy the requirements of more than 1 subparagraph of this paragraph. A single member of the board with the appropriate qualifications and experience may satisfy the requirements of a subparagraph of paragraph (1) and a subparagraph of this paragraph.

(c) POLITICAL AFFILIATION.—Not more than 6 members of the Board may be of the same political party.

(d) TERMS.—

(1) IN GENERAL.—Each member of the Board shall be appointed for a term of 4 years, except as provided in paragraphs (2) and (3).

(2) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—

(A) 3 shall be appointed for terms of 1 year;

(B) 3 shall be appointed for terms of 2 years;

(C) 3 shall be appointed for terms of 3 years; and

(D) 3 shall be appointed for terms of 4 years;

(3) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(e) CHAIRPERSON.—The Board shall elect a chairperson from among members of the Board.

(f) QUORUM.—A majority of the members of the Board shall constitute a quorum for the transaction of business.

(g) VOTING.—Each member of the Board shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Board.

(h) PROHIBITION ON ADDITIONAL PAY.—Members of the Board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board.

SEC. 403. FUNCTIONS.

The purpose of this subtitle is to establish the Board as a nonpolitical entity to carry out the following functions:

(1) EVALUATION OF DEEP SUBSIDY PROGRAMS.—Measuring the performance and efficiency of all ''deep subsidy'' programs for housing assistance administered by the Secretary of Housing and Urban Development, including the public housing program under title II and the programs for tenant- and project-based rental assistance under title III and section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act).

(2) ESTABLISHMENT OF LHMA PERFORMANCE BENCHMARKS.—Establishing standards and

guidelines under section 431 for use by the Secretary in measuring the performance and efficiency of local housing and management authorities and other owners and providers of federally assisted housing in carrying out operational and financial functions.

(3) ACCREDITATION OF LHMA'S.—Establishing a procedure under section 431(b) for accrediting local housing and management authorities to receive block grants under title I for the operation, maintenance, and production of public housing, ensuring that financial and performance audits under such section are conducted annually for each local housing and management authority, and reviewing such audits for purposes of accreditation.

(4) CLASSIFICATION OF LHMA'S.—Classifying local housing and management authorities, under to section 434, according to the performance categories under section 431(a)(2).

SEC. 404. INITIAL ESTABLISHMENT OF STANDARDS AND PROCEDURES FOR LHMA COMPLIANCE.

(a) DEADLINE.—Not later than the expiration of the 12-month period beginning upon the completion of the appointment, under section 402, of the initial members of the Board, the Board shall organize its structure and operations, establish the standards, guidelines, and procedures under sections 431, and establish any fees under section 406. Before issuing such standards, guidelines, and procedures in final form, the Board shall submit a copy to the Congress.

(b) PRIORITY OF INITIAL EVALUATIONS.—After organization of the Board and establishment of standards, guidelines, and procedures under sections 431, the Board shall commence evaluations under section 433(b) for the purpose of accrediting local housing and management authorities and shall give priority to conducting evaluations of local housing and management authorities that are designated as troubled public housing agencies under section 6(j) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) pursuant to section 431(d).

SEC. 405. POWERS.

(a) HEARINGS.—The Board may, for the purpose of carrying out this subtitle, hold such hearings and sit and act at such times and places as the Board determines appropriate.

(b) RULES AND REGULATIONS.—The Board may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization, and personnel.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Board may secure directly from any department or agency of the Federal Government such information as the Board may require for carrying out its functions, including local housing management plans submitted to the Secretary by local housing and management authorities under title II. Upon request of the Board, any such department or agency shall furnish such information. The Board may acquire information directly from local housing and management authorities to the same extent the Secretary may acquire such information.

(2) GENERAL SERVICES ADMINISTRATION.—The Administrator of General Services shall provide to the Board, on a reimbursable basis, such administrative support services as the Board may request.

(3) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—Upon the request of the chairperson of the Board, the Secretary of Housing and Urban Development shall, to the extent possible and subject to the discretion of the Secretary, detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Board in carrying out its functions under this subtitle.

(d) MAILS.—The Board may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(e) CONTRACTING.—The Board may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts with private firms, institutions, and individuals for the purpose of conducting research or surveys necessary to enable the Board to discharge its functions under this subtitle.

(f) STAFF.—

(1) EXECUTIVE DIRECTOR.—The Board shall appoint an executive director of the Board, who shall be compensated at a rate fixed by the Board, but which shall not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(2) OTHER PERSONNEL.—In addition to the executive director, the Board may appoint and fix the compensation of such personnel as the Board considers necessary, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates. Such personnel may include personnel for assessment teams under section 431(b).

SEC. 406. FEES.

(a) ACCREDITATION FEES.—The Board may establish and charge fees for the accreditation of local housing and management authorities as the Board considers necessary to cover the costs of the operations of the Board relating to establishing standards, guidelines, and procedures for evaluating the performance of local housing and management authorities and performing comprehensive reviews relating to the accreditation of such authorities.

(b) FUND.—Any fees collected under this section shall be deposited in an operations fund for the Board, which is hereby established in the Treasury of the United States. Amounts in such fund shall be available, to the extent provided in appropriation Acts, for the expenses of the Board in carrying out its functions under this subtitle.

SEC. 407. REPORTS.

The Board shall submit a report to the Congress annually describing, for the year for which the report is made—

(1) any modifications made by the Board to the standards, guidelines, and procedures issued under section 431 by the Board;

(2) the results of the assessments, reviews, and evaluations conducted by the Board under subtitle B;

(3) the types and extent of assistance, information, and products provided by the Board; and

(4) any other activities of the Board.

Subtitle B—Accreditation and Oversight Standards and Procedures

SEC. 431. ESTABLISHMENT OF PERFORMANCE BENCHMARKS AND ACCREDITATION PROCEDURES.

(a) PERFORMANCE BENCHMARKS.—

(1) PERFORMANCE AREAS.—The Housing Foundation and Accreditation Board established under section 401 (in this subtitle referred to as the ''Board'') shall establish standards and guidelines, for use under section 434, to measure the performance of local housing and management authorities in all aspects relating to—

(A) operational and financial functions;

(B) providing, maintaining, and assisting low-income housing—

(i) that is safe, clean, and healthy, as required under sections 232 and 328;

(ii) in a manner consistent with the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, if appropriate;

(iii) that is occupied by eligible families; and

(iv) that is affordable to eligible families;

(C) producing low-income housing and executing capital projects, if applicable;

(D) administering the provision of housing assistance under title III;

(E) accomplishing the goals and plans set forth in the local housing management plan for the authority;

(F) promoting responsibility and self-sufficiency among residents of public housing developments of the authority and assisted families under title III; and

(G) complying with the other requirements of the authority under block grant contracts under title II, grant agreements under title III, and the provisions of this Act.

(2) PERFORMANCE CATEGORIES.—In establishing standards and guidelines under this section, the Board shall define various levels of performance, which shall include the following levels:

(A) EXCEPTIONALLY WELL-MANAGED.—A minimum acceptable level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as exceptionally well-managed, which shall indicate that the authority functions exceptionally.

(B) WELL-MANAGED.—A minimum acceptable level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as well-managed, which shall indicate that the authority functions satisfactorily.

(C) AT RISK OF BECOMING TROUBLED.—A minimum acceptable level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as at risk of becoming troubled, which shall indicate that there are elements in the operations, management, or functioning of the authority that must be addressed before they result in serious and complicated deficiencies.

(D) TROUBLED.—A minimum level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as a troubled authority, which shall indicate that the authority functions unsatisfactorily with respect to certain areas under paragraph (1), but such deficiencies are not irreparable.

(E) DYSFUNCTIONAL.—A maximum level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as dysfunctional, which shall indicate that the authority suffers such deficiencies that the authority should not be allowed to continue to manage low-income housing or administer housing assistance.

(3) ACCREDITATION STANDARD.—In establishing standards and guidelines under this section, the Board shall establish a minimum acceptable level of performance for accrediting a local housing and management authority for purposes of authorizing the authority to enter into a new block grant contract under title II or a new grant agreement under title III.

(b) ACCREDITATION PROCEDURE.—The Accreditation Board shall establish procedures for—

(1) reviewing the performance of a local housing and management authority over the term of the expiring accreditation, which review shall be conducted during the 12-month period that ends upon the conclusion of the term of the expiring accreditation;

(2) evaluating the capability of a local housing and management authority that proposes to enter into an initial block grant contract under title II or an initial grant agreement under title III; and

(3) determining whether the authority complies with the standards and guidelines for accreditation established under subsection (a)(3).

The procedures for a review or evaluation under this subsection shall provide for the review or evaluation to be conducted by an assessment team established by the Board, which shall review annual financial and performance audits conducted under section 432 and obtain such information as the Board may require.

(c) IDENTIFICATION OF POTENTIAL PROBLEMS.—The standards and guidelines under subsection (a) and the procedure under subsection (b) shall be established in a manner designed to identify potential problems in the operations, management, functioning of local

housing and management authorities at a time before such problems result in serious and complicated deficiencies.

(d) INTERIM APPLICABILITY OF PHMAP.—Notwithstanding any other provision of this subtitle, during the period that begins on the date of the enactment of this Act and ends upon the date of the effectiveness of final regulations establishing the standards, guidelines, and procedures required under this section and section 432, the Secretary shall assess the management performance of local housing and management authorities in the same manner provided for public housing agencies pursuant to section 6(j) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) and may take actions with respect to local housing and management authorities that are authorized under such section with respect to public housing agencies.

SEC. 432. ANNUAL FINANCIAL AND PERFORMANCE AUDIT.

(a) REQUIREMENT.—The Secretary shall require each local housing and management authority that receives grant amounts under this Act in a fiscal year to have a financial and performance audit of the authority conducted for the fiscal year and to submit the results of the audit to the Secretary and the Board. Not later than 60 days before submitting a financial and performance audit to the Secretary and the Board, the local housing and management authority shall submit the audit to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the local housing and management authority for review and comment. Any such comments shall be submitted, together with the audit, to the Secretary and the Board and the Secretary and the Board shall consider such comments in reviewing the audit.

(b) PROCEDURES.— The requirements for financial and performance audits shall—

(1) provide for the audit to be conducted by an independent auditor selected by the authority;

(2) authorize the auditor to obtain information from a local housing and management authority, to access any books, documents, papers, and records of an authority that are pertinent to this Act and assistance received pursuant to this Act, and to review any reports of an authority to the Secretary; and

(3) be designed to identify potential problems in the operations, management, functioning of a local housing and management authority at a time before such problems result in serious and complicated deficiencies.

(c) PURPOSE.—Audits under this section shall be designed to—

(1) evaluate the financial performance and soundness and management performance of the local housing and management authority board of directors (or other similar governing body) and the authority management officials and staff;

(2) assess the compliance of an authority with all aspects of the standards and guidelines established under section 431(a)(1); and

(3) provide information to the Secretary and the Board regarding the financial performance and management of the authority and to determine whether a review under section 225(d) or 353(c) is required.

(d) SINGLE AUDIT ACT COMPLIANCE.—An audit under this section shall be made in a manner so that the audit complies with the requirements for audits under chapter 75 of title 31, United States Code.

(e) WITHHOLDING OF AMOUNTS FOR COSTS OF AUDIT.—If the Secretary determines that a local housing and management authority has failed to take the actions required to submit an audit under this section for a fiscal year, the Secretary may—

(1) arrange for, and pay the costs of, the audit; and

(2) withhold, from the total allocation for any fiscal year otherwise payable to the authority under this Act, amounts sufficient to pay for the reasonable costs of conducting an acceptable audit, including, if appropriate, the reasonable costs of accounting services necessary to place the authority's books and records in condition that permits an audit.

SEC. 433. ACCREDITATION.

(a) REVIEW UPON EXPIRATION OF PREVIOUS ACCREDITATION.—The Accreditation Board shall perform a comprehensive review of the performance of a local housing and management authority, in accordance with the procedures established under section 431(b), before the expiration of the term for which a previous accreditation was granted under this subtitle.

(b) INITIAL EVALUATION.—

(1) IN GENERAL.—Before entering into an initial block grant contract under title II or an initial contract pursuant to section 302 for assistance under title III with any local housing and management authority, the Board shall conduct a comprehensive evaluation of the capabilities of the local housing and management authority.

(2) EXCEPTION.—Paragraph (1) shall not apply to an initial block grant contract or grant agreement entered into during the period beginning upon the date of the enactment of this Act and ending upon the date of the effectiveness of final regulations establishing the standards, guidelines, and procedures required under section 431 with any public housing agency that received amounts under the United States Housing Act of 1937 during fiscal year 1995.

(c) DETERMINATION AND REPORT.—Pursuant to a review or evaluation under this section, the Board shall determine whether the authority meets the requirements for accreditation under section 431(a)(3), shall accredit the authority if it meets such requirements, and shall submit a report on the results of the review or evaluation and such determination to the Secretary and the authority.

(d) ACCREDITATION.—An accreditation under this section shall expire at the end the term established by the Board in granting the accreditation, which may not exceed 5 years. The Board may qualify an accreditation placing conditions on the accreditation based on the future performance of the authority.

SEC. 434. CLASSIFICATION BY PERFORMANCE CATEGORY.

Upon completing the accreditation process under section 433 with respect to a local housing and management authority, the Housing Finance and Accreditation Board shall designate the authority according to the performance categories under section 431(a)(2). In determining the classification of an authority, the Board shall consider the most recent financial and performance audit under section 432 of the authority and accreditation reports under section 433(c) for the authority.

SEC. 435. PERFORMANCE AGREEMENTS FOR AUTHORITIES AT RISK OF BECOMING TROUBLED.

(a) IN GENERAL.—Upon designation of a local housing and management authority as at risk of becoming troubled under section 431(a)(2)(C), the Secretary shall seek to enter into an agreement with the authority providing for improvement of the elements of the authority that have been identified. An agreement under this section shall contain such terms and conditions as the Secretary determines are appropriate for addressing the elements identified, which may include an on-site, independent assessment of the management of the authority.

(b) POWERS OF SECRETARY.—If the Secretary determines that such action is necessary to prevent the local housing and management authority from becoming a troubled authority, the Secretary may—

(1) solicit competitive proposals from other local housing and management authorities and private housing management agents (which may be selected by existing tenants through administrative procedures established by the Secretary), to prepare for any case in which such agents may be needed for managing all, or part, of the housing administered by the authority; or

(2) solicit competitive proposals from other local housing and management authorities and private entities with experience in construction management, to prepare for any case in which such authorities or firms may be needed to oversee implementation of assistance made available for capital improvement for public housing of the authority.

SEC. 436. PERFORMANCE AGREEMENTS AND CDBG SANCTIONS FOR TROUBLED LHMA'S.

(a) IN GENERAL.—Upon designation of a local housing and management authority as a troubled authority under section 431(a)(2)(D), the Secretary shall seek to enter into an agreement with the authority providing for improving the management performance of the authority.

(b) CONTENTS.—An agreement under this section between the Secretary and a local housing and management authority shall set forth—

(1) targets for improving performance, as measured by the guidelines and standards established under section 431(a)(1) and other requirements within a specified period of time, which shall include targets to be met upon the expiration of the 12-month period beginning upon entering into the agreement;

(2) strategies for meeting such targets;

(3) sanctions for failure to implement such strategies; and

(4) to the extent the Secretary deems appropriate, a plan for enhancing resident involvement in the management of the local housing and management authority.

(c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The Secretary and the local housing and management authority shall, to the maximum extent practicable, seek the assistance of local public and private entities in carrying out an agreement under this section.

(d) DEFAULT UNDER PERFORMANCE AGREEMENT.—Upon the expiration of the 12-month period beginning upon entering into an agreement under this section with a local housing and management authority, the Secretary shall review the performance of the authority in relation to the performance targets and strategies under the agreement. If the Secretary determines that the authority has failed to comply with the performance targets established for the expiration of such period, the Secretary shall take the action authorized under section 437(b)(2).

(e) CDBG SANCTION AGAINST LOCAL GOVERNMENT CONTRIBUTING TO TROUBLED STATUS OF LHMA.—If the Secretary determines that the actions or inaction of any unit of general local government within which any portion of the jurisdiction of a local housing and management authority is located has substantially contributed to the conditions resulting in the authority being designated under section 431(a)(2)(D) as a troubled authority, the Secretary may redirect or withhold, from such unit of general local government any amounts allocated for such unit under section 106 of such Act.

SEC. 437. OPTION TO DEMAND CONVEYANCE OF TITLE TO OR POSSESSION OF PUBLIC HOUSING.

(a) AUTHORITY FOR CONVEYANCE.—A contract under section 201 for block grants under title II (including contracts which amend or supersede contracts previously made (including contracts for contributions)) may provide that upon the occurrence of a substantial default with respect to the covenants or conditions to which the local housing and management authority is subject (as such substantial default shall be defined in such contract) or upon designation of the authority as dysfunctional pursuant to section 431(a)(2)(E), the local housing and management authority shall be obligated, at the option of the Secretary, to—

(1) convey title in any case where, in the determination of the Secretary (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this Act; or

(2) deliver to the Secretary possession of the development, as then constituted, to which such contract relates.

(b) OBLIGATION TO RECONVEY.—Any block grant contract under title II containing the provisions authorized in subsection (a) shall also provide that the Secretary shall be obligated to reconvey or redeliver possession of the development, as constituted at the time of reconveyance or redelivery, to such local housing and management authority or to its successor (if such local housing and management authority or a successor exists) upon such terms as shall be prescribed in such contract, and as soon as practicable after—

(1) the Secretary is satisfied that all defaults with respect to the development have been cured, and that the development will, in order to fulfill the purposes of this Act, thereafter be operated in accordance with the terms of such contract; or

(2) the termination of the obligation to make annual block grants to the authority, unless there are any obligations or covenants of the authority to the Secretary which are then in default.

Any prior conveyances and reconveyances or deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the development to the Secretary pursuant to subsection (a) upon the subsequent occurrence of a substantial default.

(c) CONTINUED GRANTS FOR REPAYMENT OF BONDS AND NOTES UNDER 1937 ACT.—If—

(1) a contract for block grants under title II for an authority includes provisions that expressly state that the provisions are included pursuant to this subsection, and

(2) the portion of the block grant payable for debt service requirements pursuant to the contract has been pledged by the local housing and management authority as security for the payment of the principal and interest on any of its obligations, then—

(A) the Secretary shall (notwithstanding any other provisions of this Act), continue to make the block grant payments for the authority so long as any of such obligations remain outstanding; and

(B) the Secretary may covenant in such a contract that in any event such block grant amounts shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the development for the purpose at the time such block grant payments are made, will suffice for the payment of all installments of principal and interest on the obligations for which the amounts provided for in the contract shall have been pledged as security that fall due within the next succeeding 12 months.

In no case shall such block grant amounts be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

SEC. 438. REMOVAL OF INEFFECTIVE LHMA'S.

(a) CONDITIONS OF REMOVAL.—The actions specified in subsection (b) may be taken only upon—

(1) the occurrence of events or conditions that constitute a substantial default by a local housing and management authority with respect to (A) the covenants or conditions to which the local housing and management authority is subject, or (B) an agreement entered into under section 435;

(2) designation of the authority as dysfunctional pursuant to section 431(a)(2)(E);

(3) in the case only of action under subsection (b)(1), failure of a local housing and management authority to obtain reaccreditation upon the expiration of the term of a previous accreditation granted under this subtitle; or

(4) submission to the Secretary of a petition by the residents of the public housing owned or operated by a local housing and management authority that is designated as troubled or dysfunctional pursuant to section 431(a)(2).

(b) REMOVAL ACTIONS.—Notwithstanding any other provision of law or of any block grant contract under title II or any grant agreement under title III, in accordance with subsection (a), the Secretary may—

(1) solicit competitive proposals from other local housing and management authorities and private housing management agents (which, in the discretion of the Secretary, may be selected by existing public housing residents through administrative procedures established by the Secretary) and, if appropriate, provide for such agents to manage all, or part, of the housing administered by the local housing and management authority or all or part of the other functions of the authority;

(2) take possession of the local housing and management authority, including any developments or functions of the authority under any section of this Act;

(3) solicit competitive proposals from other local housing and management authorities and private entities with experience in construction management and, if appropriate, provide for such authorities or firms to oversee implementation of assistance made available for capital improvements for public housing;

(4) require the authority to make other arrangements acceptable to the Secretary and in the best interests of the public housing residents and assisted families under title III for managing all, or part of, the public housing administered by the authority or the functions of the authority; or

(5) if the Secretary determines that reasonable opportunities for remedy using the actions under paragraphs (1) through (4) have failed or are not available, petition for the appointment of a receiver for the local housing and management authority to any district court of the United States or to any court of the State in which any portion of the jurisdiction of the local housing and management authority is located, that is authorized to appoint a receiver for the purposes and having the powers prescribed in this section.

(c) EMERGENCY ASSISTANCE.—The Secretary may make available to receivers and other entities selected or appointed pursuant to this section such assistance as is fair and reasonable to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety and welfare of public housing residents or assisted families under title III.

(d) POWERS OF SECRETARY.—If the Secretary takes possession of an authority, or any developments or functions of an authority, pursuant to subsection (b)(2), the Secretary—

(1) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification;

(2) may demolish and dispose of assets of the authority in accordance with subtitle E;

(3) where determined appropriate by the Secretary, may require the establishment of one or more new local housing and management authorities;

(4) may consolidate the authority into other well-managed local housing and management authorities with the consent of such well-managed authorities;

(5) shall not be subject to any State or local laws that, in the determination of the receiver, substantially impede correction of the substantial default or improvement of the classification; and

(6) shall have such additional authority as a district court of the United States has the authority to confer under like circumstances upon a receiver to achieve the purposes of the receivership.

The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the Secretary's responsibility under this paragraph for the administration of a local housing and management authority. The Secretary may delegate to the administrative receiver any or all of the powers of the Secretary under this subsection. Regardless of any delegation under this subsection, an administrative receiver may not require the establishment of one or more new local housing and management authorities pursuant to paragraph (3) unless the Secretary first approves such establishment. For purposes of this subsection, the term ''local housing and management authority'' includes any developments or functions of a local housing and management authority under any section of this title.

(e) RECEIVERSHIP.—

(1) REQUIRED APPOINTMENT.—In any proceeding under subsection (b)(5), upon a determination that a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of the local housing and management authority in a manner consistent with this Act and in accordance with such further terms and conditions as the court may provide. The receiver appointed may be another local housing and management authority, a private management corporation, the Secretary, or any other appropriate entity. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

(2) POWERS OF RECEIVER.—If a receiver is appointed for a local housing and management authority pursuant to subsection (b)(5), in addition to the powers accorded by the court appointing the receiver, the receiver—

(A) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification;

(B) may demolish and dispose of assets of the authority in accordance with subtitle E;

(C) where determined appropriate by the Secretary, may require the establishment of one or more new local housing and management authorities, to the extent permitted by State and local law; and

(D except as provided in subparagraph (C), shall not be subject to any State or local laws that, in the determination of the receiver, substantially impede correction of the substantial default or improvement of the classification.

For purposes of this paragraph, the term ''local housing and management authority'' includes any developments or functions of a local housing and management authority under any section of this title.

(3) TERMINATION.—The appointment of a receiver pursuant to this subsection may be terminated, upon the petition of any party, when the court determines that all defaults have been cured or the local housing and management authority will be able to make the same amount of progress in correcting the management of the housing as the receiver.

(f) LIABILITY.—If the Secretary takes possession of an authority pursuant to subsection (b)(2) or a receiver is appointed pursuant to subsection (b)(5) for a local housing and management authority, the Secretary or the receiver shall be deemed to be acting in the capacity of the local housing and management authority (and not in the official capacity as Secretary or other official) and any liability incurred shall be a liability of the local housing and management authority.

SEC. 439. MANDATORY TAKEOVER OF CHRONICALLY TROUBLED PHA'S.

(a) REMOVAL OF AGENCY.—Notwithstanding any other provision of this Act, not later than the expiration of the 180-day period beginning on the date of the enactment of this Act, the

Secretary shall take one of the following actions with respect to each chronically troubled public housing agency:

(1) CONTRACTING FOR MANAGEMENT.—Solicit competitive proposals for the management of the agency pursuant to section 437(b)(1) and replace the management of the agency pursuant to selection of such a proposal.

(2) TAKEOVER.—Take possession of the agency pursuant to section 437(b)(2) of such Act.

(b) DEFINITION.—For purposes of this section, the term ''chronically troubled public housing agency'' means a public housing agency that, as of the date of the enactment of this Act, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) as a troubled public housing agency and has been so designated continuously for the 3-year period ending upon such date of enactment; except that such term does not include any agency that owns or operates less than 1250 public housing dwelling units and that the Secretary determines can, with a reasonable amount of effort, make such improvements or remedies as may be necessary to remove its designation as troubled within 12 months.

SEC. 440. TREATMENT OF TROUBLED PHA'S.

(a) EFFECT OF TROUBLED STATUS ON CHAS.—The comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the first year beginning after the date of the enactment of this Act for the State or unit of general local government in which any troubled public housing agency is located shall not be considered to comply with the requirements under section 105 of the Cranston-Gonzalez National Affordable Housing Act unless such plan includes a description of the manner in which the State or unit will assist such troubled agency in improving its operations to remove such designation.

(b) DEFINITION.—For purposes of this section, the term ''troubled public housing agency'' means a public housing agency that—

(1) upon the date of the enactment of this Act, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) as a troubled public housing agency; and

(2) is not a chronically troubled public housing agency, as such term is defined in section 438(b) of this Act.

SEC. 441. MAINTENANCE OF AND ACCESS TO RECORDS.

(a) KEEPING OF RECORDS.—Each local housing and management authority shall keep such records as may be reasonably necessary to disclose the amount and the disposition by the authority of the proceeds of assistance received pursuant to this Act and to ensure compliance with the requirements of this Act.

(b) ACCESS TO DOCUMENTS.—The Secretary, the Inspector General for the Department of Housing and Urban Development, and the Comptroller General of the United States shall each have access for the purpose of audit and examination to any books, documents, papers, and records of a local housing and management authority that are pertinent to this Act and assistance received pursuant to this Act.

SEC. 442. ANNUAL REPORTS REGARDING TROUBLED LHMA'S.

The Secretary shall submit a report to the Congress annually, as a part of the report of the Secretary under section 8 of the Department of Housing and Urban Development Act, that—

(1) identifies the local housing and management authorities that are designated as troubled or dysfunctional under section 431(a)(2) and the reasons for such designation;

(2) identifies the local housing and management authorities that have lost accreditation pursuant to section 432; and

(3) describes any actions that have been taken in accordance with sections 433, 434, 435, and 436.

SEC. 443. APPLICABILITY TO RESIDENT MANAGEMENT CORPORATIONS.

The Secretary shall apply the provisions of this subtitle to resident management corporations in the same manner as applied to local housing and management authorities.

SEC. 444. INAPPLICABILITY TO INDIAN HOUSING.

The provisions of sections 431, 432, 433, 434, 435, 436, 438, and 442 shall not apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

The CHAIRMAN. Are there amendments to title IV?

If not, the Clerk will designate title V.

The text of title V is as follows:

TITLE V—REPEALS AND CONFORMING AMENDMENTS

SEC. 501. REPEALS.

(a) IN GENERAL.—The following provisions of law are hereby repealed:

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.).

(2) ASSISTED HOUSING ALLOCATION.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439).

(3) PUBLIC HOUSING RENT WAIVERS FOR POLICE.—Section 519 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437a–1).

(4) OCCUPANCY PREFERENCES AND INCOME MIX FOR NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION PROJECTS.—Subsection (c) of section 545, and section 555, of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(5) TREATMENT OF CERTIFICATE AND VOUCHER HOLDERS.—Subsection (c) of section 183 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(6) RETROACTIVE PAYMENT FOR ANNUAL ADJUSTMENT FACTORS.—Section 801 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 1437f note).

(7) EXCESSIVE RENT BURDEN DATA.—Subsection (b) of section 550 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(8) SECTION 8 DISASTER RELIEF.—Sections 931 and 932 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note).

(9) MOVING TO OPPORTUNITY FOR FAIR HOUSING.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(10) REPORT REGARDING FAIR HOUSING OBJECTIVES.—Section 153 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(11) SECTION 8 COMMUNITY INVESTMENT DEMONSTRATION.—Section 6 of the HUD Demonstration Act of 1993 (42 U.S.C. 1437f note).

(12) SPECIAL PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.—Section 209 of the Housing and Community Development Act of 1974 (42 U.S.C. 1438).

(13) ACCESS TO PHA BOOKS.—Section 816 of the Housing Act of 1954 (42 U.S.C. 1435).

(14) MISCELLANEOUS PROVISIONS.—Subsections (b)(1), (c), and (d) of section 326 of the Housing and Community Development Amendments of 1981 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

(15) PAYMENT FOR DEVELOPMENT MANAGERS.—Section 329A of the Housing and Community Development Amendments of 1981 (42 U.S.C. 1437j–1).

(16) PURCHASE OF PHA OBLIGATIONS.—Section 329E of the Housing and Community Development Amendments of 1981 (12 U.S.C. 2294a).

(17) PROCUREMENT OF INSURANCE BY PHA'S.—

(A) In the item relating to ''ADMINISTRATIVE PROVISIONS'' under the heading ''MANAGEMENT AND ADMINISTRATION'' in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991, the penultimate undesignated paragraph of such item (Public Law 101–507; 104 Stat. 1369).

(B) In the item relating to ''ADMINISTRATIVE PROVISIONS'' under the heading ''MANAGEMENT AND ADMINISTRATION'' in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1992, the 19th through 23d undesignated paragraphs of such item (Public Law 102–139; 105 Stat. 758).

(18) PUBLIC HOUSING CHILDHOOD DEVELOPMENT.—Section 222 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note).

(19) INDIAN HOUSING CHILDHOOD DEVELOPMENT.—Section 518 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z–6 note).

(20) PUBLIC HOUSING COMPREHENSIVE TRANSITION DEMONSTRATION.—Section 126 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(21) PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.—Section 521 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note).

(22) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(23) PUBLIC HOUSING ENERGY EFFICIENCY DEMONSTRATION.—Section 523 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437g note).

(24) OMAHA HOMEOWNERSHIP DEMONSTRATION.—Section 132 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 stat. 3712).

(25) PUBLIC AND ASSISTED HOUSING YOUTH SPORTS PROGRAMS.—Section 520 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11903a).

(b) SAVINGS PROVISION.—The repeals made by subsection (a) shall not affect any legally binding obligations entered into before the date of the enactment of this Act. Any funds or activities subject to a provision of law repealed by subsection (a) shall continue to be governed by the provision as in effect immediately before such repeal.

SEC. 502. CONFORMING AND TECHNICAL PROVISIONS.

(a) ALLOCATION OF ELDERLY HOUSING AMOUNTS.—Section 202(l) of the Housing Act of 1959 (12 U.S.C. 1701q(l)) is amended by adding at the end the following new paragraph:

''(4) CONSIDERATION IN ALLOCATING ASSISTANCE.—Assistance under this section shall be allocated in a manner that ensures that the awards of the assistance are made for projects of sufficient size to accommodate facilities for supportive services appropriate to the needs of frail elderly residents.''.

(b) ELIGIBILITY FOR ASSISTED HOUSING.—

(1) GENERAL.—Notwithstanding any other provision of law, for purposes of determining eligibility for admission to assisted housing, a person shall not be considered to have a disability or a handicap solely because of the prior or current illegal use of a controlled substance (as defined in section 102 of the Controlled Substances Act) or solely by reason of the prior or current use of alcohol.

(2) DEFINITION.—For purposes of this subsection, the term ''assisted housing'' means housing designed primarily for occupancy by elderly persons or persons with disabilities that is assisted pursuant to this Act, the United States Housing Act of 1937, section 221(d)(3) or 236 of the National Housing Act, section 202 of the Housing Act of 1959, section 101 of the Housing and Urban Development Act of 1965, or section 811 of the Cranston-Gonzalez National Affordable Housing Act.

(3) CONTINUED OCCUPANCY.—This subsection may not be construed to prohibit the continued

occupancy of any person who is a resident in assisted housing on the date of enactment of this Act.

(c) AMENDMENT TO HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983.—Section 227(d)(2) of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701r–1(d)(2)) is amended by inserting ''the United States Housing Act of 1996,'' after ''the United States Housing Act of 1937,''.

(d) REVIEW OF DRUG ELIMINATION PROGRAM CONTRACTS.—

(1) REQUIREMENT.—Notwithstanding the repeal under section 501(a)(26), the Secretary of Housing and Urban Development shall investigate all security contracts awarded by grantees under the Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) that are public housing agencies that own or operate more than 4,500 public housing dwelling units—

(A) to determine whether the contractors under such contracts have complied with all laws and regulations regarding prohibition of discrimination in hiring practices;

(B) to determine whether such contracts were awarded in accordance with the applicable laws and regulations regarding the award of such contracts;

(C) to determine how many such contracts were awarded under emergency contracting procedures;

(D) to evaluate the effectiveness of the contracts; and

(E) to provide a full accounting of all expenses under the contracts.

(2) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall complete the investigation required under paragraph (1) and submit a report to the Congress regarding the findings under the investigation. With respect to each such contract, the report shall (A) state whether the contract was made and is operating, or was not made or is not operating, in full compliance with applicable laws and regulations, and (B) for each contract that the Secretary determines is in such compliance in a personal certification of such compliance by the Secretary of Housing and Urban Development.

(3) ACTIONS.—For each contract that is described in the report under paragraph (2) as not made or not operating in full compliance with applicable laws and regulation, the Secretary of Housing and Urban Development shall promptly take any actions available under law or regulation that are necessary—

(A) to bring such contract into compliance; or

(B) to terminate the contract.

(e) REFERENCES.—Except as provided in section 271 and 501(b), any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to—

(1) public housing or housing assisted under the United States Housing Act of 1937 is deemed to refer to public housing assisted under title II of this Act;

(2) to assistance under section 8 of the United States Housing Act of 1937 is deemed to refer to assistance under title III of this Act; and

(3) to assistance under the United States Housing Act of 1937 is deemed to refer to assistance under this Act.

SEC. 503. AMENDMENTS TO PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990.

(a) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is amended by striking the chapter heading and all that follows through section 5123 and inserting the following:

''CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME

''SEC. 5121. SHORT TITLE.

''This chapter may be cited as the 'Community Partnerships Against Crime Act of 1996'.

''SEC. 5122. PURPOSES.

''The purposes of this chapter are to—

''(1) improve the quality of life for the vast majority of law-abiding public housing residents by reducing the levels of fear, violence, and crime in their communities;

''(2) broaden the scope of the Public and Assisted Housing Drug Elimination Act of 1990 to apply to all types of crime, and not simply crime that is drug-related; and

''(3) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving.

''SEC. 5123. AUTHORITY TO MAKE GRANTS.

''The Secretary of Housing and Urban Development may make grants in accordance with the provisions of this chapter for use in eliminating crime in and around public housing and other federally assisted low-income housing projects to (1) local housing and management authorities, and (2) private, for-profit and nonprofit owners of federally assisted low-income housing.''.

(b) ELIGIBLE ACTIVITIES.—

(1) IN GENERAL.—Section 5124(a) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is amended—

(A) in the matter preceding paragraph (1), by inserting ''and around'' after ''used in'';

(B) in paragraph (3), by inserting before the semicolon the following: '', including fencing, lighting, locking, and surveillance systems'';

(C) in paragraph (4), by striking subparagraph (A) and inserting the following new subparagraph:

''(A) to investigate crime; and'';

(D) in paragraph (6)—

(i) by striking ''in and around public or other federally assisted low-income housing projects''; and

(ii) by striking ''and'' after the semicolon; and

(E) by striking paragraph (7) and inserting the following new paragraphs:

''(7) providing funding to nonprofit public housing resident management corporations and resident councils to develop security and crime prevention programs involving site residents;

''(8) the employment or utilization of one or more individuals, including law enforcement officers, made available by contract or other cooperative arrangement with State or local law enforcement agencies, to engage in community- and problem-oriented policing involving interaction with members of the community in proactive crime control and prevention activities;

''(9) programs and activities for or involving youth, including training, education, recreation and sports, career planning, and entrepreneurship and employment activities and after school and cultural programs; and

''(10) service programs for residents that address the contributing factors of crime, including programs for job training, education, drug and alcohol treatment, and other appropriate social services.''.

(2) OTHER LHMA-OWNED HOUSING.—Section 5124(b) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(b)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking ''drug-related crime in housing owned by public housing agencies'' and inserting ''crime in and around housing owned by local housing and management authorities''; and

(ii) by striking ''paragraphs (1) through (7)'' and inserting ''paragraphs (1) through (10)''; and

(B) in paragraph (2)—

(i) by striking ''public housing agency'' and inserting ''local housing and management authority''; and

(ii) by striking ''drug-related'' and inserting ''criminal''.

(c) GRANT PROCEDURES.—Section 5125 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to read as follows:

''SEC. 5125. GRANT PROCEDURES.

''(a) LHMA'S WITH 250 OR MORE UNITS.—

''(1) GRANTS.—In each fiscal year, the Secretary shall make a grant under this chapter from any amounts available under section 5131(b)(1) for the fiscal year to each of the following local housing and management authorities:

''(A) NEW APPLICANTS.—Each local housing and management authority that owns or operates 250 or more public housing dwelling units and has—

''(i) submitted an application to the Secretary for a grant for such fiscal year, which includes a 5-year crime deterrence and reduction plan under paragraph (2); and

''(ii) had such application and plan approved by the Secretary.

''(B) RENEWALS.—Each local housing and management authority that owns or operates 250 or more public housing dwelling units and for which—

''(i) a grant was made under this chapter for the preceding Federal fiscal year;

''(ii) the term of the 5-year crime deterrence and reduction plan applicable to such grant includes the fiscal year for which the grant under this subsection is to be made; and

''(iii) the Secretary has determined, pursuant to a performance review under paragraph (4), that during the preceding fiscal year the agency has substantially fulfilled the requirements under subparagraphs (A) and (B) of paragraph (4).

''(2) 5-YEAR CRIME DETERRENCE AND REDUCTION PLAN.—Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall describe, for the local housing and management authority submitting the plan—

''(A) the nature of the crime problem in public housing owned or operated by the local housing and management authority;

''(B) the building or buildings of the local housing and management authority affected by the crime problem;

''(C) the impact of the crime problem on residents of such building or buildings; and

''(D) the actions to be taken during the term of the plan to reduce and deter such crime, which shall include actions involving residents, law enforcement, and service providers.

The term of a plan shall be the period consisting of 5 consecutive fiscal years, which begins with the first fiscal year for which funding under this chapter is provided to carry out the plan.

''(3) AMOUNT.—In any fiscal year, the amount of the grant for a local housing and management authority receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such authority bears to the total number of dwelling units owned or operated by all local housing and management authorities that own or operate 250 or more public housing dwelling units that are approved for such fiscal year.

''(4) PERFORMANCE REVIEW.—For each fiscal year, the Secretary shall conduct a performance review of the activities carried out by each local housing and management authority receiving a grant pursuant to this subsection to determine whether the agency—

''(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

''(B) has a continuing capacity to carry out such plan in a timely manner.

''(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection.

''(6) REVIEW AND DETERMINATION.—The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application

and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or determining not to approve an application and plan submitted under this subsection, the Secretary shall notify the local housing and management authority submitting the application and plan of such approval or disapproval.

''(7) DISAPPROVAL OF APPLICATIONS.—If the Secretary notifies an authority that the application and plan of the authority is not approved, not later than the expiration of the 15-day period beginning upon such notice of disapproval, the Secretary shall also notify the authority, in writing, of the reasons for the disapproval, the actions that the authority could take to comply with the criteria for approval, and the deadlines for such actions.

''(8) FAILURE TO APPROVE OR DISAPPROVE.—If the Secretary fails to notify an authority of approval or disapproval of an application and plan submitted under this subsection before the expiration of the 60-day period beginning upon the submission of the plan or fails to provide notice under paragraph (7) within the 15-day period under such paragraph to an authority whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

''(b) LHMA'S WITH FEWER THAN 250 UNITS AND OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUSING.—

''(1) APPLICATIONS AND PLANS.—To be eligible to receive a grant under this chapter, a local housing and management authority that owns or operates fewer than 250 public housing dwelling units or an owner of federally assisted low-income housing shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require. The application shall include a plan for addressing the problem of crime in and around the housing for which the application is submitted, describing in detail activities to be conducted during the fiscal year for which the grant is requested.

''(2) GRANTS FOR LHMA'S WITH FEWER THAN 250 UNITS.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(2), make grants under this chapter to local housing and management authorities that own or operate fewer than 250 public housing dwelling units and have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraph (4).

''(3) GRANTS FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

''(4) CRITERIA FOR APPROVAL OF APPLICATIONS.—The Secretary shall determine whether to approve each application under this subsection on the basis of—

''(A) the extent of the crime problem in and around the housing for which the application is made;

''(B) the quality of the plan to address the crime problem in the housing for which the application is made;

''(C) the capability of the applicant to carry out the plan; and

''(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the United States Housing Act of 1996.

''(5) ADDITIONAL CRITERIA FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In addition to the selection criteria under paragraph (4), the Secretary may establish other criteria for evaluating applications submitted by owners of federally assisted low-income housing, except that such additional criteria shall be designed only to reflect—

''(A) relevant differences between the financial resources and other characteristics of local housing and management authorities and owners of federally assisted low-income housing; or

''(B) relevant differences between the problem of crime in public housing administered by such authorities and the problem of crime in federally assisted low-income housing.''.

(d) DEFINITIONS.—Section 5126 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11905) is amended—

(1) by striking paragraphs (1) and (2);

(2) in paragraph (4)(A), by striking ''section'' before ''221(d)(4)'';

(3) by redesignating paragraphs (3) and (4) (as so amended) as paragraphs (1) and (2), respectively; and

(4) by adding at the end the following new paragraph:

''(3) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The term 'local housing and management authority' has the meaning given the term in title I of the United States Housing Act of 1996.''.

(e) IMPLEMENTATION.—Section 5127 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking ''Cranston-Gonzalez National Affordable Housing Act'' and inserting ''United States Housing Act of 1996''.

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking ''drug-related crime in'' and inserting ''crime in and around''; and

(2) by striking ''described in section 5125(a)'' and inserting ''for the grantee submitted under subsection (a) or (b) of section 5125, as applicable''.

(g) FUNDING AND PROGRAM SUNSET.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 is amended by striking section 5130 (42 U.S.C. 11909) and inserting the following new sections:

''SEC. 5130. FUNDING.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this chapter such sums as may be necessary for fiscal year 1996.

''(b) ALLOCATION.—Of any amounts available, or that the Secretary is authorized to use, to carry out this chapter in any fiscal year—

''(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to local housing and management authorities that own or operate 250 or more public housing dwelling units;

''(2) 10 percent shall be available only for assistance pursuant to section 5125(b)(2) to local housing and management authorities that own or operate fewer than 250 public housing dwelling units; and

''(3) 5 percent shall be available only for assistance to federally assisted low-income housing pursuant to section 5125(b)(3).

''SEC. 5131. PROGRAM TERMINATION.

''The program under this chapter shall terminate at the end of September 30, 1996. No grants may be made under the program after such date.''.

(h) CONFORMING AMENDMENTS.—The table of contents in section 5001 of the Anti-Drug Abuse Act of 1988 (Public Law 100–690; 102 Stat. 4295) is amended—

(1) by striking the item relating to the heading for chapter 2 of subtitle C of title V and inserting the following:

''CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME'';

(2) by striking the item relating to section 5122 and inserting the following new item:

''Sec. 5122. Purposes.'';

(3) by striking the item relating to section 5125 and inserting the following new item:

''Sec. 5125. Grant procedures.'';

and

(4) by striking the item relating to section 5130 and inserting the following new items:

''Sec. 5130. Funding.

''Sec. 5131. Program termination.''.

The CHAIRMAN. Are there amendments to title V?

Mr. KENNEDY of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, let me just understand. I know that there is a discussion taking place on the other side of the aisle at the moment over the Roemer amendment. Do we have an agreement? We have the gentlewoman from California [Ms. WATERS] here for her amendment. That is amendment No. 42.

AMENDMENT NO. 42 OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 42 offered by Ms. WATERS: At the end of title V, insert the following new section:

SEC. 504. LIMITATION ON EXTENT OF USE OF LOAN GUARANTEES FOR HOUSING PURPOSES.

Section 108 of the Housing and Community Development Act of 1992 (42 U.S.C. 5308) is amended by inserting after subsection (h) the following new section:

''(i) LIMITATION ON USE.—Of any amounts obtained from notes or other obligations issued by an eligible public entity or public agency designated by an eligible public entity and guaranteed under this section pursuant to an application for a guarantee submitted after the date of the enactment of the Housing and Community Development Act of 1992, the aggregate amount used for the purposes described in clauses (2) and (4) of subsection (a), and for other housing activities under the purposes described in clauses (1) and (3) of subsection (a), may not exceed 10 percent of such amounts obtained by the eligible public entity or agency.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentlewoman from California [Ms. WATERS] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

This is really not a complicated amendment. Early on when I came to Congress, I discovered something called section 108 loan guarantee funds in HUD. These were funds that basically are used to provide economic development assistance to cities. It is a fund or a loan guarantee type program that is not scored in the budget.

When I discovered this item, I moved to expand the opportunity for cities to

have economic development programs that would increase the job opportunities, that would support businesses, that would basically direct some attention toward commercial development.

One of the things I have been very concerned about is the fact that we have put an emphasis oftentimes on developing housing and low-income housing, but the problem is precisely what we have created in public housing projects. We have provided some housing opportunities and basically placed poor people on top of each other without any businesses and without any services.

So I thought that the use of these section 108 loan guarantee funds would have well served our cities if we had an opportunity to support business and commerce so that we do not continue to have housing and low-income housing without businesses in those communities that would provide goods and services and job opportunities.

Section 108 loan guarantee funds I was able to expand to the tune of about $2 billion over 5 years. All of the cities have been applying for these funds. Many of the cities welcome the opportunity to have some funds by which they could create projects working with the business community to expand job opportunities, to expand entrepreneurship. But some of the cities have begun to use this money in ways other than economic development that was anticipated.

I recognized that some of the cities have a need to be very creative in the way that they use these section 108 loan guarantee funds and they put a little bit off maybe into some infrastructure, maybe a little bit off into some housing. But my appeal here is to say let us put a cap on how much of this money can be taken and further used maybe for housing or anything else.

Let us really pay attention to how we can empower communities and develop real economic development so that in fact the people that we say that we want to make independent, we create some opportunities for them to be independent.

We hope, we know that small businesses, for example, create more job opportunities than any other entities in America. We know that, to the degree that we are able to develop small businesses, we expand job opportunities.

I do not have oftentimes the opportunity to come to this floor and to really tell Members what I understand about business and economic development. There are those who would like to say all she and those others care about is welfare, all they care about is low-income housing, all they care about are government expenditures for the poor.

That absolutely is not true. Many of us understand a lot more about business and business development and how to really support commerce and entrepreneurs in these communities than we often have an opportunity to demonstrate.

I am here today because section 108 loan guarantee funds in HUD is a real opportunity to create economic development projects. This loan guarantee basically is given to those cities and the CDBG moneys are kind of used as a guarantee working with HUD. They get with local business persons, and they think about utilizing the resources of local government. Maybe there are some land opportunities. Maybe there are some programs in local government that they can match with some investment by the local entrepreneurs and this loan guarantee opportunity, and they come up with projects that they can locate in these communities and not only support business, small business and entrepreneurship but do job creation.

Mr. Chairman, my colleagues must pay more attention to what the Government can do to help create jobs in our community. We want welfare to go away, we need jobs. We want people to be able to use the training that they are supposed to be getting through the use of our job training programs. There must be a job at the end of these job training programs. Do we want JTPA to be viable? I simply ask that my colleagues support me. Join hands in supporting that we limit the use of section 108 so that the money is not siphoned off into other projects but goes into economic development. I ask for an aye vote.

The CHAIRMAN. Does any Member seek time in opposition to the amendment?

Mr. LAZIO of New York. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman from New York [Mr. LAZIO] is recognized for 5 minutes.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I have a great deal of sympathy for what the gentlewoman from California just said with respect to some of the points and the concerns that she has. It is a truism that, if all we deal with is housing in a particular community, we are failing that community. No community has just a housing, affordable housing problem. If it has an affordable housing problem, it probably also has an economic development problem, an education program, a job training problem. It has a problem in terms of access to basic banking services and affordable grocery markets and all the things that more affluent communities rely on that help make them healthy.

Mr. Chairman, my concern is that first of all we are trying to take this whole subject up of CDBG and community development block programs and section 108 guarantee and the successor bill that will be coming down 2 or 3 months further down the pike in which we will begin to look at this very closely to ensure that there is maximum flexibility and the maximum ability to target resources to ensure that there is a relationship between the economic development and the affordable housing that we have.

However, I have grave concerns about the way this particular amendment has been drafted because it targets and mandates that only 10 percent of the money can be used for housing. In certain communities, especially those in more rural areas, the need for infrastructure for development of an entire block are more trying to be developed at the same time, the need to have a cost-effective development require the section 108 guarantee program.

Mr. Chairman, it is exactly why we have this program, to front end the money because it is more cost effective to do it up front as opposed to doing it year after year after year. When you are doing a housing development, you need to put in new streets, new lights, new utilities. You need that section 108 program to go forward.

If we had more flexibility in this amendment, I think it would be worthy of closer consideration. But to say to communities that only 10 percent of the money can be used for housing and 90 percent can be used for economic development, without frankly identifying exactly how that money can be spent, without proper consideration by the committee or having hearings, I have a concern and a problem with that.

□ 1500

Mr. Chairman, I reluctantly must oppose this amendment, but I do not oppose the concern of the gentlewoman from California [Ms. WATERS]. I do not oppose the gentlewoman's commitment on this. I think she is right in terms of her concept, and I pledge to her that I am willing to continue to work closely with her to make sure the communities are integrated more closely, especially commerce with respect to affordable housing.

We are in the process, Mr. Chairman, of trying to negotiate something that I think will provide some flexibility. I mean to speak to a particular point while some of the staffs are trying to work out some of the technical aspects of a possible compromise here that will allow for both economic and home ownership opportunities and the use of section 108 for developing homes.

Let me say also the need for commercial development; later on there is going to be an amendment offered by the gentleman from Arizona [Mr. HAYWORTH] which provides an opportunity for Native American houisng, and one of the most important parts of that amendment, which was a bill that was filed earlier, introduced earlier, by myself and many Members of our side of the aisle was to provide not only maximum flexibility in respect for the nation-nation relationship in terms of Native American Indian country, but also to provide for the first time the same type of loan guarantee program that has brought home ownership and economic development to so many communities in America.

The relationship between economic development and housing, especially affordable housing, is a strong one. As I say, no community has just an affordable housing program. If people had the capability to have jobs, it would enable them to have an income so they can make their own choices, and we would not have those same needs for affordable housing. Unfortunately, we do not have the same relationship and targeting that is necessary. Those are mostly locally based solutions in the end. Organizations like List and Enterprise are doing that throughout the country, creating a synergy where commercial enterprise and housing is built together, planned together. Local communities are involved in the outcome and the strategies in getting there, and that is exactly the right model that we ought to be following because that is the successful model.

The first year and a half of my chairmanship, one of the things I did was to back up and to say let us find out what is going on right out there. One of the things that is right, one of the successes that is happening throughout our country, is in self-help housing, is an integrated commercial and residential development, mostly by entities like List and Enterprise.

Let me suggest that if we can work out a compromise on this to allow for both economic development and home ownership opportunities through this section 108 program, I think we will preserve both of our principles of flexibility and also providing for the initiative to have more economic development.

MODIFICATION OF AMENDMENT OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I ask unanimous consent to modify my amendment to accommodate the concerns of the chairman.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification of amendment offered by Ms. WATERS: in the proposed new subsection (i) of section 108 of the Housing and Community Development Act of 1992, strike out ''10 percent'' and insert ''50 percent''.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California that the amendment be modified?

There was no objection.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentlewoman from California [Ms. WATERS].

The amendment, as modified, was agreed to.

The CHAIRMAN. Are there other amendments to title V?

AMENDMENT NO. 45 OFFERED BY MR. DURBIN

Mr. DURBIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 45 offered by Mr. DURBIN: At the end of title V of the bill, insert the following new section:

SEC. 515. PROHIBITION AGAINST ILLEGAL POSSESSION OR DISCHARGE OF FIREARMS IN PUBLIC HOUSING ZONES.

(a) CONGRESSIONAL FINDINGS.—The Congress finds and declares that—

(A) crime, particularly crime involving firearms, is a pervasive, nationwide problem;

(B) crime at the local level is exacerbated by the interstate movement of firearms;

(C) firearms and ammunition move easily in interstate commerce and illegal firearms have been found in increasing numbers in and around public housing zones;

(D) in fact, even before the sale of a firearm, the gun, its component parts, ammunition, and the raw materials from which they are made have considerably moved in interstate commerce;

(E) while criminals freely move from State to State, ordinary citizens and foreign visitors may fear to travel to or through certain parts of the country due to concern about violent crime and gun violence;

(F) the occurrence of violent crime in public housing zones has resulted in a decline in the quality of public housing in our country;

(G) this decline in the quality of public housing has an adverse impact on interstate commerce and the foreign commerce of the United States;

(H) States, localities, and local housing and management authorities find it almost impossible to handle gun-related crime by themselves; even States, localities, and local housing and management authorities that have made strong efforts to prevent, detect, and punish gun-related crime find their efforts unavailing due in part to the failure or inability of other States or localities to take strong measures; and

(I) the Congress has power, under the interstate commerce clause and other provisions of the Constitution, to enact measures to ensure the integrity and safety of the Nation's public housing by enactment of this section.

(b) PROHIBITIONS.—

(1) POSSESSION.—It shall be unlawful for any person, in or affecting interstate or foreign commerce, to possess a firearm in violation of any other Federal law or of any State or local law, at a place that the person knows is in a public housing zone.

(2) DISCHARGE.—

(A) IN GENERAL.—It shall be unlawful for any person, in or affecting interstate or foreign commerce, to discharge or attempt to discharge a firearm, knowingly or with reckless disregard for the safety of another, at a place that the person knows is in a public housing zone.

(B) EXCEPTIONS.—Subparagraph (A) shall not apply to the discharge of a firearm—

(i) by a person employed by a local housing and management authority to provide security for a public housing development in the public housing zone, acting within the scope of such employment; or

(ii) by a law enforcement officer acting in his or her official capacity.

(c) PENALTIES.—Whoever violates subsection (b) shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both. Notwithstanding any other provision of law, a term of imprisonment imposed under this subsection shall not run concurrently with any other term of imprisonment imposed under any other provision of law. Except for the authorization of a term of imprisonment of not more than 5 years made in this subsection, for the purposes of any other law a violation of subsection (b) shall be deemed to be a misdemeanor.

(d) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) The terms ''firearm'', ''interstate or foreign commerce'', ''person'', and ''whoever'', have the meanings given such terms in section 921(a) of title 18, United States Code.

(2) The term ''public housing zone'' means in or upon—

(A) the real property comprising the public housing developments of any local housing and management authority; or

(B) any public property which is at a distance of not more than 1,000 feet from property referred to in subparagraph (A).

(e) EFFECTIVE DATE.—This section shall apply to conduct engaged in after the end of the 60-day period that begins with the date of the enactment of this Act.

(f) GUN-FREE ZONE SIGNS.—Federal, State, and local authorities (including local housing and management authorities) are encouraged to cause signs to be posted around public housing zones giving warning of the prohibition against the illegal possession of a firearm in such zones.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Illinois [Mr. DURBIN] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I hope this amendment will receive bipartisan support. What we are trying to address in this amendment is a very serious life-and-death problem in public housing across America.

Several weeks ago I was taken on a tour of the Chicago housing projects. The people who took me on the tour pointed out buildings in the projects, fully occupied buildings, that were under the control of drug gangs. Despite the best efforts of security personnel and Chicago police, these gangs literally took control of housing units, terrorizing the residents, selling narcotics, brandishing weapons and firing those weapons at will.

Anyone who wants this documented should read the story entitled ''There Are No Children Here,'' by Alex Kotlowitz, a Wall Street Journal correspondent who followed the lives of two tiny children growing up in public housing in the city of Chicago. It is an incredible story.

Mr. Chairman, the worst part of the story is the violence that takes place in public housing today.

This amendment addresses clearly and plainly the question of possessing firearms in public housing, and it attempts to establish a national standard which says very simply that we prohibit the possession of illegal, illegal firearms in public housing and public housing zones, that we prohibit the reckless discharge or attempted discharge of any firearm in public housing, and those found guilty of the crime will be subject to 5 years in prison, a $5,000 fine, or both.

Is this necessary? Let me use the city of Chicago as an example. In one sweep of public housing projects in the city of Chicago between April and June of last year, this is what they confiscated: 170 handguns, 192 assault weapons, assault weapons, over $133,000 in cash, thousands of grams of controlled narcotics and substances with a street value in excess of $2 million.

This public housing belongs to the residents, but it also belongs to the taxpayers of America. We owe it to the families, we certainly owe it to the children in that public housing, to keep their lives safe from harm.

Those who would bring in illegal firearms or discharge them in public housing should be subject to the full brunt of the law, not just tenants, but those who come onto public housing grounds and take advantage of the poor families living there.

I commend this amendment to all of my colleagues, Democrat and Republican, and reserve the balance of my time.

Mr. LAZIO of New York. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. DURBIN].

The CHAIRMAN. The gentleman from New York is recognized for 5 minutes.

Mr. LAZIO of New York. Mr. Chairman, I yield myself such time as I man consume.

Mr. Chairman, I have several concerns, and I am compelled to oppose this amendment. The first concern is that this provision federalizes State law. On page 3, line 2, this provision makes it a Federal violation to violate this amendment.

My second concern is that nowhere in this provision do we require criminal intent to be a factor in terms of prohibiting the use or the possession of firearms in an area of public housing. For example, if the State law allows a single mother to carry a gun and she lives in public housing, she can not protect herself.

Lastly and most importantly, let me say this is not the vehicle to be talking about gun control. We are trying to get housing policy done right now. We have dramatic arguments that have been made already with respect to section 8 public housing income mixes, different aspects of protections. To interject gun arguments right now I think is frankly a red herring, it is not the appropriate place to be inserting this, and frankly I think there are a number of these concerns that most Members should share in terms of insuring that the intent of the gentleman from Illinois [Mr. DURBIN] is carried out.

So, frankly, I think that if the gentleman were interested in really having something done with respect to in and around the property around public housing, we will be happy to try and work with him as time went on, but this is just the wrong vehicle.

Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. MCCOLLUM], the chairman of the Subcommittee on Crime.

(Mr. MCCOLLUM] asked and was given permission to revise and extend his remarks.)

Mr. MCCOLLUM. Mr. Chairman, I know the gentleman who is offering this amendment is doing it with all good intent because I am sure, as he does, I share the basic premise that we should not have criminals out there discharging firearms or using them or possessing them in a public housing unit. Nobody in America wants crime to be going on in public housing units.

But the problem with this amendment is that it prohibits law-abiding citizens from possessing firearms, from having them to defend themselves, or to discharge those firearms in the defense of their own home in a public housing unit.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MCCOLLUM. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I believe the language, the specific language, says illegal firearms.

Mr. MCCOLLUM. Reclaiming my time, Mr. Chairman, I only have 1 minute.

The fact of the matter is that if he has the firearm, somebody has that firearm, I think that person ought to have the right to possess that firearm and to be able to protect it. That firearm is only going to be illegal maybe because New York City makes it illegal to possess one, something of that nature.

The truth of the matter is we should not, as a Congress, federalize local ordinances, which this does, makes a Federal crime out of it if you violate a local ordinance in a situation like this. And in addition to that, I do not believe, and I do not think most of us believe, anybody who is a law-abiding citizen should be prohibited from having a firearm in their possession in a public housing unit.

Mr. DURBIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I find this incredible. I offer an amendment which prohibits the possession of illegal firearms, illegal firearms, in public housing, and it is being resisted by the Republican majority. Illegal firearms.

Do we want to end crime in this country with sensible gun regulation?

Every time we raise the issue of firearms on this floor, will we have people go into a panic?

We are talking about illegal firearms. We are talking about the discharge of firearms in public housing, terrorizing families and their children. We are talking about drug gangs.

Mr. Chairman, the resistance to this amendment tells me that many of the people who are opposing it have not even been to these public housing projects and spoken to the families.

Mr. Chairman, I yield 30 seconds to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, let me just quote from the law that the gentleman from Illinois [Mr. DURBIN] has proposed: ''to posses a firearm in violation of any other federal law or any State or local law at a place that person knows.''

The fact of the matter is this is restricted to illegal firearms. How can our colleagues possibly suggest that we ought to allow illegal firearms use in public housing? This is plain and simple, black and white.

This is, once again, the hidden arm at the NRA at work on the floor of the House of Representatives, once again gutting basic protections of the vulnerable people of this country.

I strongly support the Durbin amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield 1 minute to the distinguished gentleman from the State of Georgia [Mr. BARR].

Mr. BARR of Georgia. Mr. Chairman, I thank the gentleman for yielding this time to me.

My distinguished colleague on the other side just mentioned that, well, he does not know if any of us have been in housing projects. Mr. Chairman, my colleagues are about to hear from one that has, that has prosecuted crimes in our housing projects, that has been to funerals of people who have been killed in housing projects, that has met with the men and women whose sons and daughters have been shot and injured in drive-by shootings, and we certainly agree with the gentleman that we should be doing everything that we can to protect those people. But this amendment is simply not the way to do it.

There are page after page, volume after volume of Federal laws that have been enforced, that can be enforced, that should be enforced that protect against these people who use firearms in the commission of a crime.

But, very frankly, I am not interested in making criminal a woman who defends herself in that housing project, the same elderly woman that my colleague spoke of eloquently a few moments ago that wants to use a firearm to protect herself and yet who may run afoul of some other law. I think protecting those people, giving them the right to protect themselves, is absolutely paramount, and I am opposed to this thinly veiled effort to take that right away.

Mr. VOLKMER. Mr. Chairman, I ask unanimous consent that each side be given an additional 10 minutes for debate on the amendment.

Mr. BEREUTER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

PREFERENTIAL MOTION OFFERED BY MR. VOLKMER

Mr. VOLKMER. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. VOLKMER moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

□ 1515

The CHAIRMAN. The gentleman from Missouri [Mr. VOLKMER] is recognized for 5 minutes in support of his motion.

Mr. VOLKMER. Mr. Chairman, I think it would be wise for all Members of this body to read this amendment,

especially page 3, as I did about a half an hour ago over in my office. I had asked my staff this morning to get a copy of this amendment, because the way it was reported in the digest that we received this morning, I had some reservations. I wanted to see the amendment.

Lo and behold, when I read the amendment, on page 3, under the heading, subparagraph 2, it says: ''Discharge. In general, it shall be unlawful for any person in or affecting interstate or foreign commerce to discharge or attempt to discharge a firearm knowingly, or with reckless disregard for the safety of another, at a place that the person knows is in a public housing zone.'' that may sound harmless, but let us put it in actual conditions of what may happen.

I am residing in a public housing project. I have an apartment. I also am a hunter. I have some guns. That is not illegal in my housing project. Now, about 9 or 10 o'clock at night, a drug addict needing money busts through my door, holding a gun aimed at me. I grab my gun. He fires and misses. I fire and hit him. I only wound him. Guess what, Mr. Chairman? He gets charged for armed robbery. I get charged under this, and I could get 5 years because I have discharged a firearm in a public housing zone, knowingly and with reckless disregard for safety, because I was not worried about his safety, I guarantee you.

I am sure the gentleman did not mean that, Mr. Chairman, but that is they way the amendment reads.

Mr. DURBIN. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Illinois.

Mr. DURBIN. Mr. Chairman, the gentleman, I am sure, is familiar with the defense of self-defense.

Mr. VOLKMER. Yes, but that is no defense to this offense.

Mr. DURBIN. It is a common-law defense.

Mr. VOLKMER. Not to this offense. No, it is not.

Mr. DURBIN. Yes, sir.

Mr. VOLKMER. Mr. Chairman, if the gentleman wants to put it in there, an exception for self-defense, then I would say yes. But the gentleman does not have that in here. He just says anybody who knowingly and with intent, with reckless disregard for the safety of another.

Mr. DURBIN. If the gentleman will yield one more time, Mr. Chairman, I will accept the gentleman's amendment. I would add the language ''except in cases of self-defense.''

Mr. VOLKMER. Mr. Chairman, I would ask the gentleman, why does he want to upgrade a local ordnance involving guns to a Federal offense?

Mr. DURBIN. If the gentleman will further yield, I think the gentleman is aware of the fact that we have more than a casual interest in public housing in America. Federal taxpayers have a massive investment in public housing. What we are attempting to do, I say to my friend, the gentleman from Missouri, is to remove illegal firearms from public housing, firearms which are being used to terrorize.

Mr. VOLKMER. That is not necessarily so.

Mr. DURBIN. Some State laws cover it, some do not. We are trying to establish a national uniform standard that illegal firearms in public housing and the illegal discharge of those firearms is against the law.

Mr. VOLKMER. They are not federally illegal. What you are telling me is if a local city body decides that there are not going to be any guns, as the gentleman has in Illinois, there are not going to be any guns in this community, none whatsoever, and I have a gun in that community and it is in a public housing project, I have a Federal offense of 5 years, not just a violation of a local ordnance.

That is the other objection I have to it. I do not believe that we should make every local ordnance a Federal offense if it involves guns in a public housing project. No, I do not believe that.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I am trying to understand, is the gentleman's objection.

Mr. VOLKMER. Two objections. We cleared up one.

Mr. KENNEDY of Massachusetts. If it is the one objection, that if you are possessing an illegal firearm and you use that illegal firearm——

Mr. VOLKMER. Illegal because of what? Because of a local zoning ordinance that says you cannot have a gun in this town?

Mr. KENNEDY of Massachusetts. Let us go back to what the proposal says. It says ''in possession of a firearm violation of any State law or any local law.''

Mr. VOLKMER. Any local law. That is my objection, any local law.

Mr. KENNEDY of Massachusetts. What you are saying is, if you are possessing a gun illegally and you use that in defense of yourself——

Mr. VOLKMER. No, that has nothing to do with this. One has nothing to do with the other.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I would ask the gentleman, what is his objection?

Mr. VOLKMER. I am saying, you are elevating a local ordnance to a 5-year Federal offense. We do not do it in anything else. We do not make a DWI, a DWI which could kill people, we do not make that a Federal offense.

Mr. BEREUTER. Mr. Chairman, I claim 5 minutes in opposition.

Mr. KENNEDY of Massachusetts. Mr. Chairman, was that not a point of personal privilege?

The CHAIRMAN. The gentleman had a preferential motion that the enacting clause be stricken. He is recognized under that motion for 5 minutes. Someone in opposition to that motion is also recognized for 5 minutes. The gentleman from Nebraska [Mr. BEREUTER] has claimed that.

Mr. BEREUTER. Mr. Chairman, I yield to the distinguished gentleman from Illinois [Mr. HASTERT], the distinguished deputy whip.

(Mr. HASTERT asked and was given permission to revise and extend his remarks.)

Mr. HASTERT. Mr. Chairman, I thank the chairman for yielding to me.

First of all, Mr. Chairman, we have a housing bill before us. There is a motion to change this whole system by the gentleman from Missouri, [Mr. VOLKMER].

Mr. Chairman, when I started to look at it, if I did not know my colleague, the gentleman from Illinois, [Mr. DURBIN], better, I would say this probably smacks of maybe even senatorial politics, but I am sure that that is not the case.

On the other hand, when we start to look at the situation, I believe that the ordinance for the city of Chicago prohibits any type of firearm or weapon, possession and use. The State of Illinois prohibits certain types of weapons and use. We also have a requirement of an FOID card, possession, and almost a 6-week waiting period before any type of possession of a firearm.

Also, there are various countries in Illinois that have, whether it is valid or not, county restrictions. I am not sure which law that my friend, the gentleman from Illinois, is going to ascribe and make that a Federal Law. Is it the State Law? Is it the municipal ordinances? Is it the county statutes?

Mr. Chairman, I think certainly the ability of trying to figure out or to sort out for local and State and county officials, whether you are from the sheriff's office and you have that jurisdiction, or if you are from the Chicago city police, from that jurisdiction, or the Illinois State Police, from that jurisdiction, certainly they have conflicting jurisdictions, and really it makes a mess of the system that is before us, I would think probably we ought to take this amendment for what it is, trying to get a little plus up in an area that some people are not well known in, and let it go at that. I ask that we vote against this.

Mr. BEREUTER. Mr. Chairman, I yield to the gentleman from Florida, [Mr. McCOLLUM], the distinguished chairman of the Subcommittee on Crime.

Mr. McCOLLUM. Mr. Chairman, I thank the gentleman, for I want to explain why we are talking about this. First of all, I do not think we ought to rise, but we ought to understand that under the underlying amendment that is here, it is not the possession of an illegal firearm that is the problem. It is the illegal possession. That is the language that says here. It says we are going to federalize all local ordinances that make it illegal to possess a firearm in public housing.

I do not think we have any business doing that. The firearms could be perfectly legal. They could be lawful. They do not have to be assault weapons or something. As long as you possess a firearm in many communities, the very possession of an ordinary gun is illegal or unlawful in that community. Now we are going to make it a Federal crime if that is the case. I think that is wrong.

Second, the fact of the matter is that under the discharge provisions of this, whatever we are going to do with self-defense really is irrelevant. I think under the Lopez decision, which we saw last year come down, it is unconstitutional for the Federal Government be involved in saying that we are going to make it a crime in every public housing unit in this country to discharge a firearm. We already know under the Supreme Court ruling you cannot do that with respect to a school.

Mr. BEREUTER. Mr. Chairman, I yield to the gentleman from Georgia [Mr. BARR].

Mr. BARR of Georgia. Mr. Chairman, I think this particular provision is a wolf in sheep's clothing. As the distinguished chairman of the Subcommittee on Crime correctly pointed out, its reach would be vast. It would be vast, indeed, because what it does by its very terms and its implication would be to federalize a huge category of potential crimes, in addition to creating a new substantive crime, in and of itself.

I would urge Members to look very carefully at this, to put aside the self-defense language that we have heard of, because it does not go to the root, the heart of the problem, with this amendment. That is its vast scope and the federalism problems that we have, in addition to those other problems that the distinguished chairman of the Subcommittee on Crime has already pointed out that relate to its underlying constitutionality.

Mr. Chairman, I would simply tell Members that there are other constitutional infirmities that appear on the face of this particular provision.

The CHAIRMAN. All time on the motion has been used.

Does the gentleman from Missouri [Mr. VOLKMER] wish to withdraw his motion?

Mr. VOLKMER. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri.

There was no objection.

MODIFICATION OF AMENDMENT OFFERED BY MR. DURBIN

Mr. DURBIN. Mr. Chairman, I ask unanimous consent to offer a modification to the amendment.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification of amendment offered by Mr. DURBIN:

On page 3 line 11 of the amendment, add after the word ''zone'', the following '', except in cases of self-defense.''

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. BARR of Georgia. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DURBIN. Mr. Chairman, would the Chair please advise me of the remaining time on the amendment?

The CHAIRMAN. The gentleman from Illinois [Mr. DURBIN] and the gentleman from New York [Mr. LAZIO] each have 1 minute remaining on the amendment offered by the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, would the Chair advise me of who has the right to close?

The CHAIRMAN. The time in opposition is controlled by the gentleman from New York [Mr. LAZIO]. He would have the right to close.

Mr. DURBIN. Mr. Chairman, I yield myself my 1 remaining minute.

Mr. Chairman, I hope the Members and those watching this debate are paying close attention. I introduced an amendment which said that it is a Federal crime to possess illegal firearms in public housing projects, or to discharge firearms, except in cases of self-defense. Did Members notice the opposition that came to the floor? What family in America would argue against the proposition that you should keep illegal firearms out of their home and not fire them at will? Yet, when we raise the question of firearms on the floor of this House of Representatives, the gun lobby comes rolling through. You cannot mention those words.

That is mindless. This has nothing to do with the second amendment. This is a question of common sense. American taxpayers who own public housing with the residents and the families who live there need the peace of mind and security that this amendment will bring. I hope that my colleagues will push aside the gun lobby once and forever, and say when it comes to illegal firearms, we do not want them in public housing projects. We do not want them anywhere.

Mr. BEREUTER. Mr. Chairman, as designee, I claim the final minute in opposition to the amendment, and I yield to the gentleman from Florida [Mr. MCCOLLUM].

Mr. MCCOLLUM. Mr. Chairman, I know that the gentleman from Illinois is well-intentioned. Whatever his intent is, the language that is written here does not express that intent. There is a possession crime and it is going to be federalized in here. It is a possession not of an illegal firearm but of any firearm. If the possession happened to be unlawful under a local community act, then it would become an unlawful Federal crime. That is a wrong procedure. We should not do it.

In addition to that, Mr. Chairman, this amendment, no matter what the intent, would mean that somebody who has a permit, a lawful permit to carry a gun, to protect themselves, perhaps because of a stalker who has been after them, would no longer be allowed to discharge or possess that firearm in a public housing unit of this country or it would be a Federal crime. It is wrong. It is not the right way to proceed.

Nobody wants criminals discharging firearms in public housing. There are already provisions, a Federal law, that prohibited it in the course of a drug transaction or that kind of thing where there is a real Federal nexus, but not to protect yourself in self-defense. Everybody ought to have the right to possess a gun to do that. Vote ''no'' on this amendment.

□ 1530

The CHAIRMAN. All time on this amendment has expired.

PREFERENTIAL MOTION OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Ms. WATERS moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The motion offered by the gentlewoman from California [Ms. WATERS] is not timely because there must be a change in the bill before a second motion striking the enacting clause is in order; therefore, the motion to strike the enacting clause is out of order at this point.

The question is on the amendment offered by the gentleman from Illinois [Mr. DURBIN].

The question was taken; and the Chairman announced that the noes have it.

Mr. DURBIN. Mr. Chairman, I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the rule, further proceedings on the amendment offered by the gentleman from Illinois [Mr. DURBIN] will be postponed.

The point of no quorum is considered withdrawn.

Are there further amendments to title V?

AMENDMENT OFFERED BY MR. NEY

Mr. NEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NEY: At the end of title V of the bill, insert the following new section:

SEC. 515. ELIGIBILITY FOR PARTICIPATION IN FEDERAL FLOOD INSURANCE PROGRAM.

The placement of any manufactured or mobile home on any site, shall not affect the eligibility of any community to participate in the Federal flood insurance program under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 (notwithstanding that such placement may fail to comply with any elevation or flood damage mitigation requirements), if—

(1) such manufactured or mobile home was previously located on such site;

(2) such manufactured or mobile home was relocated from such site because of flooding that threatened or affected such site; and

(3) such replacement is conducted not later than the expiration of the 180-day period

that begins upon the subsidence (in the area of such site) of the body of water that flooded to a level considered lower than flood levels.

Mr. NEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. KENNEDY of Massachusetts. Mr. Chairman, reserving the right to object, I reserve a point of order against the amendment. I had tried to raise a point of order against the amendment.

The CHAIRMAN. Is the gentleman reserving a point of order?

Mr. KENNEDY of Massachusetts. Yes, I want to reserve the point of order.

The CHAIRMAN. Does the gentleman want to insist on the point of order at this point?

Mr KENNEDY of Massachusetts. I do not want to insist on it at this point. I want to enter into a dialogue with the gentleman that is offering the amendment to clarify my understanding of what the intent of the amendment is.

The CHAIRMAN. The gentleman from Massachusetts has the option to insist on or reserve the point of order at this point. If he wants to reserve the point of order, the Chair will then recognize the gentleman from Ohio [Mr. NEY] for the purposes of explaining his amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, how much time do I have to do that? Does he have the time or do I have the time?

The CHAIRMAN. The gentleman can reserve the point now, but at a later time during the consideration of the amendment he may make his point of order.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I am asking how long is he allowed? Am I allowed to speak and then to provide him the time?

The CHAIRMAN. The gentleman can raise the point of order at this point or he can reserve the point of order. If he reserves the point of order, he can allow the gentleman from Ohio his 5 minutes in support of the amendment. The gentleman from Massachusetts could insist on a point of order at that point. At the Chair's discretion he could speak against the amendment and at the conclusion of that insist on the point of order. Remember, there is a 10-minute allocation for any amendment under the agreement of May 8.

Mr. KENNEDY of Massachusetts. Mr. Chairman, in that case, I will reserve the point of order.

The CHAIRMAN. The gentleman from Massachusetts, [Mr. KENNEDY] reserves a point of order on the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Clerk will complete the reading of the amendment.

The Clerk concluded the reading of the amendment.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Ohio [Mr. NEY] will be recognized for 5 minutes in support of his amendment, and a Member opposed will be recognized for 5 minutes.

The Chair recognizes the gentleman from Ohio [Mr. NEY].

Mr. NEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on January 20, 1996, eastern Ohio and the northern panhandle of West Virginia were struck with a disastrous flood. There are many residents in this area that are owners of mobile homes. Several of those homeowners transported their mobile homes to safe areas away from the rising water before the mobile homes were damaged.

After this area was drained, after the flood waters receded, the owners then moved their homes back and in some cases attempted to move their homes back, because according to FEMA, these mobile homeowners must build expensive 12-foot-tall foundations if they want to move their homes back to the areas that were affected.

Even though it was all along the Ohio River, and the northern panhandle of West Virginia in particular, this was called to our attention about this FEMA regulation by a local newspaper, the Wheeling Intelligencer. We were getting calls from not only Wheeling, WV, but Powhatan, OH, in particular. These are two areas, but I am sure this applies to many people along that entire Ohio River.

In some cases the mayor in, for example, Powhatan, OH, Mayor Bell is forced to tell people, ''You can not bring your trailer back onto your land.'' Because if the mayor does not do that, aid is going to be cut to that municipality.

So the intent is to let people come back onto their land. The problem we have got is that FEMA, however, is saying they have got to build a 12-foot foundation, bring their mobile home back, put it on top of that 12-foot foundation, which is ridiculous. If another flood occurs, they can move the mobile home off and then they can bring the mobile home back once the flood waters have receded.

So there are a lot of people, Mr. Chairman, that are simply in a very bad position as a result of this rule.

The amendment simply states that the placement of any manufactured or mobile home on any site shall not affect the eligibility of any community to participate in the Federal Flood Insurance Program under the National Flood Disaster Protection Act of 1973, so long as the home was previously located on the site, the home was relocated from the site because of the threat of flooding and such replacement is conducted no later than 180 days after a flood subsides.

I spoke to the gentleman from West Virginia [Mr. MOLLOHAN] and this has affected his area. I feel this is a bipartisan amendment. It is my understanding hopefully that there will be no opposition to this but I just want to urge, this is very important to people in the regions concerned. I urge your support.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. NEY. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I would like to enter into a dialog with the gentleman with regard to his amendment. I have worked very hard, along with other Members of the Committee on Banking and Financial Services, over the course of the last several years to reform the flood insurance program of this country, a program which has been in disastrous shape itself.

We have often found ourselves rewarding individuals, homeowners that build homes in flood plains knowing that floods are going to come and knowing that when they do come, simply by buying relatively inexpensive flood insurance they can simply have his home rebuild at Federal taxpayers' expense. It is a horrific situation. It is one that ends up driving up the cost of flood insurance for everyone else and discouraging flood insurance for millions of Americans that otherwise might participate.

As I understand the amendment that the gentleman is trying to get accomplished here, what he is saying is that there are people that live in mobile homes that live in flood plains that can anticipate floods are coming; that then hook their trailers up to cars or whatever, drive them out of the flood plains when the flood comes, and then when flood goes away, they take their mobile homes and drive them back into the flood plain. Is that correct?

Mr. NEY. That is correct.

Mr. KENNEDY of Massachusetts. Does this cover those homes that do not move?

Mr. NEY. It does not, Mr. Chairman. These are for the homes, this is word-specific, that were moved out and brought back. Right now the mayor has to tell the people, for example, ''You cannot bring them back because the aid is going to be cut off to the entire community.'' If they took the home out, they brought the home back after the flood, this applies to those individuals.

Mr. KENNEDY of Massachusetts. Mr. Chairman, if the gentleman would continue to yield, I am just trying to understand it here now. If these people are all so mobile and they can anticipate the floods, then why do they need the flood insurance? Does the gentleman know what I mean? They can just hook up and get out of there.

I would like to have a further understanding as to how we distinguish between the guy who could not quite get hooked up in time, and he ends up getting flooded out and then we pay for the insurance to rebuild his home.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. NEY] has expired.

Mr. KENNEDY of Massachusetts. I now have my own time, is that correct, Mr. Chairman?

The CHAIRMAN. That is correct. The gentleman has 5 minutes in opposition to the amendment if he so chooses.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I am maintaining the point of order, preserving the point of order on germaneness until we have this understanding.

The CHAIRMAN. The gentleman is recognized on his own time for 5 minutes.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to make it clear to the offerer, the individual offering the amendment, that I have been to West Virginia and I understand that there are some families that are forced to live in flood plains simply because in many cases the mining companies or the Federal Government owns all the land outside of the flood plain, and these individuals are forced to live there. So I want to be sensitive to those needs but I do not want to be irresponsible with Federal tax dollars and reward individuals that stay in flood plains, knowing that they are going to be reimbursed by the Federal Government, and abuse the system.

I want to make certain that until it is clear to me, and know that the gentleman from Illinois [Mr. DURBIN], who chaired the disaster task force last year, is concerned about this as well, we want to make very clear that we are not going to be supportive of this amendment until we understand what the details are.

Mr. NEY. Mr. Chairman will the gentleman yield?

Mr. KENNEDY of Massachusetts. I am happy to yield to the gentleman from Ohio.

Mr. NEY. Mr. Chairman, at issue here is not a matter of the insurance or anybody trying to scam the system. What has happened here, the Federal agency—by the way, I want to say FEMA did a good job in representing people when the President declared a disaster—but what has happened is someone in FEMA said, ''Okay, you bring the trailers back.'' This has nothing to do with an insurance measure. ''You bring them back, take the piece of ground and build a 12-foot cinder block foundation, put it up on top of there and you can come back.''

So if they do not do that, the entire city of Wheeling, WV, the entire city of Powhatan, OH, lose all their aid unless they make people do that. It is not a matter of insurance or whether they had it or not. It is a matter of whether they took the trailer out, away from harm's way, and took it back. They cannot physically place it on their own land unless a 12-foot cinder block foundation has been built.

Mr. KENNEDY of Massachusetts. Reclaiming my time, the problem is that we asked FEMA in the legislation, the reform of the flood insurance program last year, we asked FEMA to draw up plans to make certain that we were not sending people back into the flood plain. If that flood plain is in fact 12 feet high where people are locating these homes, then it seems to me that FEMA was only doing its job by requiring that we do not in fact allow people to rebuild.

Mr. Chairman, I yield to my friend the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, I say to the gentleman from Ohio [Mr. NEY], when our task force looked into Federal disaster policy, we learned that in the 1950's the Federal Government assumed responsibility for 5 percent of the cost of natural disasters. We now assume responsibility for 95 percent of the cost and it adds to our deficit every time.

The policy which the gentleman is trying to subvert would allow people to move back in the flood plain and leave the Federal taxpayers liable and vulnerable again in the event of disaster. I think that is a mistake.

Mr. Chairman, I would say to the gentleman I know what his intent is, to help these families, but bringing them back into harm's way merely increases the exposure of the Federal Treasury and the Federal taxpayers.

Mr. NEY. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I would be happy to yield. Let me check how much time we have left.

The CHAIRMAN. The gentleman has 2 minutes remaining.

Mr. KENNEDY of Massachusetts. I am happy to yield to the gentleman from Ohio.

Mr. NEY. Mr. Chairman, I will make it real quick.

In all due respect, it does not do that. This does not cost the taxpayers. They have to have insurance. People are stuck, they cannot go back to their homes. Senior citizens are having to live with their families right now. They cannot go back.

To put a good foot forward on this, I will work with the gentleman in the conference committee. They can be required to have insurance when they go back. They just simply cannot move. One day they had their mobile home there, there was a huge flood, and now they cannot put it back. They are stuck. They have do place to live.

Mr. KENNEDY of Massachusetts. Reclaiming my time, I very much appreciate and am very sensitive to the concerns that the gentleman from Ohio [Mr. NEY] has described, and my good friend from West Virginia [Mr. MOLLOHAN] has also spoken to me about it, although very briefly.

Mr. Chairman, I would pledge to work with the gentleman, and I am sure that if we ask Chairman LAZIO, that we can find a mechanism in another bill coming up if we have an opportunity to delve into this. If what the gentleman is suggesting is the case, where we are simply providing protections for mobile homeowners that are having burdensome requirements placed on them by FEMA that have no bearing on living in the flood zone and are unprecedented and unworkable, then I would pledge to working with the gentleman to making certain that they get the flood insurance that they need.

□ 1545

I do not think we ought to be doing that in this bill.

I would ask the gentleman from New York [Mr. LAZIO], would you pledge working with us to make certain that we can work this out? We have to reauthorize the flood insurance program in any event this year.

Mr. LAZIO of New York. Mr. Chairman, if the gentleman will yield, we obviously have a great deal of work to do in terms of reauthorizing the flood insurance program. We have had various discussions on this in the last Congress. I am particularly sensitive to it, representing a coastal area, but I know that the gentleman from Ohio [Mr. NEY] feels strongly about offering this amendment. I think it is an acceptable amendment from my perspective. I support the amendment. I hope we can address your concerns as we go forward through the process conference.

POINT OF ORDER

Mr. KENNEDY of Massachusetts. Mr. Chairman, the rules of the House provide an amendment must be germane to the subject matter of the bill under consideration. The subject matter of H.R. 2406 is the deregulation of public and tenant-based housing. Although the manager's amendment expands the scope of the bill, it still does not affect flood control matters. Therefore, I insist on my point of order.

The CHAIRMAN. The gentleman from Massachusetts [Mr. KENNEDY] raises a point of order against the amendment. Does the gentleman from Ohio wish to be heard on the point of order?

Mr. NEY. Mr. Chairman, I do. Obviously I am not pleased. I feel very sorry for the people.

Mr. Chairman, I concede the point of order.

The CHAIRMAN. The point of order is conceded and sustained. Therefore, the amendment is not in order.

Are there other amendments to title IV?

Ms. WATERS. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The Chair would like to point out that the Chair incorrectly prevented the gentlewoman from California [Ms. WATERS] from speaking previously, because there is a very distinct, minute, but very important difference between obtaining unanimous consent that a motion striking the enacting clause be withdrawn, and such motion being defeated. If such a motion is defeated, there must be a change in the bill by adoption of an amendment before that motion can be made again on the same day.

Because the gentleman from Missouri [Mr. VOLKMER] asked unanimous consent to have his motion withdrawn, it was as if it did not happen. So the Chair made a mistake in preventing the gentlewoman from California from being recognized earlier. The Chair apologizes to the gentlewoman for that, and clarifies to the committee the situation, and now invites the gentlewoman to be recognized for 5 minutes.

Ms. WATERS. Mr. Chairman, thank you very much. I appreciate that. I know it was inadvertent. I appreciate the opportunity to at least express my views on the Durbin amendment.

Mr. Chairman, I first would like to share with this House that I have the highest respect for Congressman DURBIN. I consider him a friend and I consider him a leader, and I consider him to have been the author of some of the best legislation that has ever been presented before this august body.

However, I do rise to disagree with the amendment that the gentleman is offering for this legislation. I know that his intentions are good, and I know that he is concerned about violence and gunfire and other kinds of things in public housing projects.

I also would like to say, I have absolutely nothing in common with the NRA. I do not like guns, I wish there were none in our society. However, I have a passion for fairness. This passion for fairness drives me not to allow there to be law created for certain segments of our society, even though we are trying very desperately to solve problems.

It is illegal to have an illegal weapon. It is illegal to have an illegal weapon. Whether you live in housing projects, whether you live in condominiums, whether you live in cities, whether you live in rural communities, on farms, it does not matter. You are in violation of the law if you possess an illegal firearm, and that is for everybody, and we should not change that.

We should not create law again for special segments of our society. There is absolutely no reason why we should move our concerns to housing projects of America and say ''Oh, but you are different. You are different because you live in public housing. We are going to create an additional law for you.''

Somehow it is not enough for your gun to be illegal. Your gun is illegal, illegal, illegal, and we are going to create a whole new Federal crime, because you happen to live in a housing project.

I suppose I could submit to this body a number of reasons why someone may find themselves in that position, but I choose not to try and make that argument, and I think there are some legitimate reasons why someone may find themselves in that unfortunate position of trying to defend themselves with an illegal weapon. But I choose, rather, to just simply deal with what I think we responsible public policymakers should be about. We should be about creating law for everybody. We should be about making sure that we do not use our power and our influence to single out any segment of our society and say somehow your crime is a worse crime than somebody else's.

Mr. DURBIN. Mr. Chairman, will the gentlewoman yield?

Ms. WATERS. I yield to the gentleman from Illinois.

Mr. DURBIN. Mr. Chairman, I greatly respect the gentlewoman from California and have the same admiration for her legislative record as she does for mine.

Having said that though, we make a point of saying, for example, we are going to have drug-free school zones, gun-free school zones. We single out certain areas of vulnerability. The gentlewoman knows, as I do, many of the families in public housing today are terrorized by drug gangs and violent criminals who prey upon children and families that need extra protection. That is the reason for this amendment.

Ms. WATERS. Mr. Chairman, reclaiming my time, let me just say that is not a good argument, and it is not synonymous when you talk about what we do with schools.

As a matter of fact, let me ask you in my own way, if in fact those terrorists, those people holed up in Montana somewhere, who are part of some kind of militia, do not live in public housing projects. However, they live out in the rural areas. We have people who live in communities that have firearms, illegal and otherwise. Some of them right now have the attention of this Nation. They are holed up. The FBI is not moving in on them, they want to be sensitive in the way they capture them, but they are dangerous people. They are very dangerous and they have decided to defy every law in America. They decided they are going to have their guns, they are not going to pay any taxes. They decided they are going to shoot FBI agents and others who would dare challenge them about the fact they are breaking the law. But somehow, under your proposition, their guns would not be as illegal as the firearms that would be discharged in housing projects.

It does not make good sense. I tell you, again, I do not like firearms, I do not like guns and I wish we did not have any. But I cannot sit here and allow this kind of public policy to proceed through this House without challenging it. Again, my passion in life is that no matter what the law, it is fair, that it treats everybody the same. No matter what the law, it does not take those who may not have the political clout and somehow single them out for the kind of laws that we would not assign to other people.

I say to you, an illegal gun is an illegal gun, and we have laws on the books in the state that will take care of those who have them, who would discharge them, who would brandish them, who would do anything. And I think it should be that way. I think we should apprehend them and we should apply the law to the fullest extent.

Do I think we should create a special law for public housing project people who would fire an arm, but leave all the militia out there in America discharging firearms, and somehow they would not come under the same law? No, I do not think so.

Mr. Chairman, that is my argument. I think it makes good sense.

The CHAIRMAN. Are there other amendments to title V?

AMENDMENT OFFERED BY MR. CARDIN

Mr. CARDIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARDIN: Title V of the bill, insert at the end of such title the following new section:

SSEC. 515. CONSULTATION WITH AFFECTED AREAS IN SETTLEMENT OF LITIGATION.

In negotiating any settlement of, or consent decree for, any litigation regarding public housing or rental assistance (under title III of this Act or the United States Housing Act of 1937, as in effect before the enactment of this Act) that involves the Secretary and any local housing and management authority, or any units of general local government, the Secretary shall consult with any units of general local government and local housing and management authorities having jurisdictions that are adjacent to the jurisdiction of the local housing and management authority involved.

The CHAIRMAN. Pursuant to the order of the Committee of Wednesday, May 8, 1996, the gentleman from Maryland [Mr. CARDIN] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment deals with the process that should be used in settling lawsuits that involve local housing authorities and HUD. If I might just refer briefly to the recent settlement of the Baltimore litigation, initially the local parties entered into a tentative agreement without consultation with the surrounding counties that were affected by the lawsuit.

Now, many of us have concern about the Baltimore settlement, the underlying policy of special aid certificates. The process used denied the surrounding jurisdictions the opportunity to be heard. HUD slowed that process down, giving the surrounding counties an opportunity to have input, and there were improvements that were made as the process went forward because of consultation with the surrounding jurisdictions.

This amendment puts the local parties on notice that before they enter into any settlement involving the local housing authorities, that the jurisdictions that can be affected by that settlement need to be consulted and that HUD will consult with local jurisdictions before they enter into any settlement of such a lawsuit.

Mr. Chairman, let me tell you, I do not believe this amendment is controversial. HUD has no objections to it. I would urge my colleagues to accept this amendment.

Mr. EHRLICH. Mr. Chairman, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from Maryland.

Mr. EHRLICH. Mr. Chairman, I thank my colleague for yielding.

Last night on this floor, Mr. Chairman, I talked about the substance of the ACLU lawsuit in Baltimore, the fact that special race, class, and location-based housing vouchers will become public policy outside the scope of this House, of this Congress, because of government by consent decree, which is what some groups in our country want to foist upon the people.

This amendment goes to process. I know with respect to substance he agrees with me, and I certainly agree with him, and want to lend my support to his amendment, because as bad as the substance of the settlement is, the process was just as bad. The lack of notification to the leaders of subdivisions of the impacted areas in the Baltimore metropolitan area was wrong, it will always be wrong, and I certainly am glad to rise today to lend my support to my colleague from Baltimore County with respect to the poor, horrific process, that was foisted on the people of the Baltimore metropolitan area in the context of this lawsuit.

I enjoyed my colloquy with the chairman last night, and I even look forward to working with my friend from Baltimore County on working with the policy which is the threshold issue with respect to which groups HUD is now foisting upon the American people, particularly metropolitan areas like Baltimore in the future.

The CHAIRMAN. Does any Member seek time in opposition to the amendment?

Mr. LAZIO of New York. Mr. Chairman, I claim the time.

The CHAIRMAN. The gentleman from New York is recognized for 5 minutes.

□ 1600

Mr. LAZIO of New York. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I compliment my colleagues from Maryland for bringing this forward. The shame of it is that we have to resort to legislation to do what ought to be done by nature, which is to integrate the community into the decisionmaking process and to ensure that there is a local voice.

But, Mr. Chairman, I support this effort. Again, I support it only reluctantly, because we ought not to be required to bring legislation to the floor to ensure that there is consultation with local governments. That is a basic framework. We are partners. We are not imposing our will. We sometimes forget that in Washington. But I compliment both gentlemen from Maryland, Mr. EHRLICH and Mr. CARDIN, for bringing this amendment forward.

Mr. Chairman, I yield back the balance of my time.

Mr. CARDIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me point out that this is notice to the local parties to the lawsuits that they need to consult with the local jurisdictions before going forward.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. CARDIN].

The amendment was agreed to.

Are there other amendments to title V?

The Clerk will designate title VI.

The text of title VI is as follows:

TITLE VI—NATIONAL COMMISSION ON HOUSING ASSISTANCE PROGRAMS COST

SEC. 601. ESTABLISHMENT.

There is established a commission to be known as the National Commission on Housing Assistance Programs Cost (in this title referred to as the ''Commission'').

SEC. 602. MEMBERSHIP.

(a) APPOINTMENT.—The Commission shall be composed of 9 members, who shall be appointed not later than 90 days after the date of the enactment of this Act. The members shall be as follows:

(1) 3 members to be appointed by the Secretary of Housing and Urban Development;

(2) 3 members appointed by the Chairman and Ranking Minority Member of the Subcommittee on Housing Opportunity and Community Development of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Chairman and Ranking Minority Member of the Subcommittee on VA, HUD, and Independent Agencies of the Committee on Appropriations of the Senate; and

(3) 3 members appointed by the Chairman and Ranking Minority Member of the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services of the House of Representatives and the Chairman and Ranking Minority Member of the Subcommittee on VA, HUD, and Independent Agencies of the Committee on Appropriations of the House of Representatives.

(b) QUALIFICATIONS.—The 3 members of the Commission appointed under each of paragraphs (1), (2), and (3) of subsection (a)—

(1) shall all be experts in the field of accounting, economics, cost analysis, finance, or management; and

(2) shall include—

(A) 1 individual who is an elected public official at the State or local level;

(B) 1 individual who is a distinguished academic engaged in teaching or research;

(C) 1 individual who is a business leader, financial officer, management or accounting expert.

In selecting members of the Commission for appointment, the individuals appointing shall ensure that the members selected can analyze the Federal assisted housing programs (as such term is defined in section 604(a)) on an objective basis and that no member of the Commission has a personal financial or business interest in any such program.

SEC. 603. ORGANIZATION.

(a) CHAIRPERSON.—The Commission shall elect a chairperson from among members of the Commission.

(b) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number may hold hearings.

(c) VOTING.—Each member of the Commission shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Commission.

(d) VACANCIES.—Any vacancy on the Commission shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

(e) PROHIBITION ON ADDITIONAL PAY.—Members of the Commission shall serve without compensation.

(f) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 604. FUNCTIONS.

(a) IN GENERAL.—The Commission shall —

(1) analyze the full cost to the Federal Government, public housing agencies, State and local governments, and other parties, per assisted household, of the Federal assisted housing programs, and shall conduct the analysis on a nationwide and regional basis and in a manner such that accurate per unit cost comparisons may be made between Federal assisted housing programs; and

(2) estimate the future liability that will be borne by taxpayers as a result of activities under the Federal assisted housing programs before the date of the enactment of this Act.

(b) DEFINITION.—For purposes of this section, the term ''Federal assisted housing programs'' means—

(1) the public housing program under the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(2) the public housing program under title II of this Act;

(3) the certificate program for rental assistance under section 8(b)(1) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(4) the voucher program for rental assistance under section 8(o) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(5) the programs for project-based assistance under section 8 of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(6) the rental assistance payments program under section 521(a)(2)(A) of the Housing Act of 1949;

(7) the program for housing for the elderly under section 202 of the Housing Act of 1959;

(8) the program for housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act;

(9) the program for financing housing by a loan or mortgage insured under section 221(d)(3) of the National Housing Act that bears interest at a rate determined under the proviso of section 221(d)(5) of such Act;

(10) the program under section 236 of the National Housing Act;

(11) the program for constructed or substantial rehabilitation under section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983; and

(12) any other program for housing assistance administered by the Secretary of Housing and Urban Development or the Secretary of Agriculture, under which occupancy in the housing assisted or housing assistance provided is based on income, as the Commission may determine.

(c) FINAL REPORT.—Not later than 18 months after the Commission is established pursuant to section 602(a), the Commission shall submit to the Secretary and to the Congress a final report which shall contain the results of the analysis and estimates required under subsection (a).0

(d) LIMITATION.—The Commission may not make any recommendations regarding Federal housing policy.

SEC. 605. POWERS.

(a) HEARINGS.—The Commission may, for the purpose of carrying out this title, hold such hearings and sit and act at such times and places as the Commission may find advisable.

(b) RULES AND REGULATIONS.—The Commission may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization and personnel.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Commission may request from any department or agency of the United States, and such department or agency shall provide to the Commission in a timely fashion, such data and information as the Commission may require for carrying out this title, including—

(A) local housing management plans submitted to the Secretary of Housing and Urban Development under section 107;

(B) block grant contracts under title II;

(C) contracts under section 302 for assistance amounts under title III; and

(D) audits submitted to the Secretary of Housing and Urban Development under section 403.

(2) ADMINISTRATIVE SUPPORT.—The General Services Administration shall provide to the Commission, on a reimbursable basis, such administrative support services as the Commission may request.

(3) PERSONNEL DETAILS AND TECHNICAL ASSISTANCE.—Upon the request of the chairperson of the Commission, the Secretary of Housing and Urban Development shall, to the extent possible and subject to the discretion of the Secretary—

(A) detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Commission in carrying out its duties under this title; and

(B) provide the Commission with technical assistance in carrying out its duties under this title.

(d) INFORMATION FROM LOCAL HOUSING AND MANAGEMENT AUTHORITIES.—The Commission shall have access, for the purpose of carrying out its functions under this title, to any books, documents, papers, and records of a local housing and management authority that are pertinent to this Act and assistance received pursuant to this Act.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(f) CONTRACTING.—The Commission may, to the extent and in such amounts as are provided in appropriations Acts, enter into contracts necessary to carry out its duties under this title.

(g) STAFF.—

(1) EXECUTIVE DIRECTOR.—The Commission shall appoint an executive director of the Commission who shall be compensated at a rate fixed by the Commission, but which shall not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(2) PERSONNEL.—In addition to the executive director, the Commission may appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(3) LIMITATION.—Paragraphs (1) and (2) shall be effective only to the extent and in such amounts as are provided in appropriations Acts.

(4) SELECTION CRITERIA.—In appointing an executive director and staff, the Commission shall ensure that the individuals appointed can conduct any functions they may have regarding the Federal assisted housing programs (as such term is defined in section 604(a)) on an objective basis and that no such individual has a personal financial or business interest in any such program.

(h) ADVISORY COMMITTEE.—The Commission shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act (5 U.S.C. App.).

SEC. 606. FUNDING.

Of any amounts made available for policy, research, and development activities of the Department of Housing and Urban Development, there shall be available for carrying out this title $750,000, for fiscal year 1997. Any such amounts so appropriated shall remain available until expended.

SEC. 607. SUNSET.

The Commission shall terminate upon the expiration of the 18-month period beginning upon the date that the Commission is established pursuant to section 602(a).

The CHAIRMAN. Are there amendments to title VI?

AMENDMENT NO. 9 OFFERED BY MR. HAYWORTH

Mr. HAYWORTH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. If I am correct, the gentleman's amendment affects various titles, including title I; is that correct?

Mr. HAYWORTH. Mr. Chairman, that is technically correct.

The CHAIRMAN. Will the gentleman ask unanimous consent that we may return to title I to include all titles under his amendment?

Mr. HAYWORTH. Mr. Chairman, I ask unanimous consent that we return to title I for the purposes of offering my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. HAYWORTH:

H.R. 2406

Page 9, strike line 12 and all that follows through page 10, line 12.

Page 13, line 2, after ''Samoa,'' insert ''and''.

Page 13, line 3, strike '', and Indian tribes''.

Page 13, lines 19 and 20, strike ''or Indian housing authority''.

Page 14, after line 8, insert the following:

The term does not include any entity that is Indian housing authority for purposes of the United States Housing Act of 1937 (as in effect before the enactment of this Act) or a tribally desingated housing entity, as such term is defined in section 604.

Page 43, after line 4, insert the following new section:

SEC. 114. INAPPLICABILITY TO INDIAN HOUSING.

Except as specifically provided by law, the provisions of this title, and titles II, III, and IV shall not apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority or to housing assisted under the Native American Housing Assistance and Self-Determination Act of 1996.

Page 53, strike line 19 and all that follows through page 54, line 5.

Page 57, line 20, strike ''and Indian''.

Page 89, strike lines 11 through 15.

Page 102, lines 19 and 20, strike '', except that it does not include Indian housing authorities''.

Page 144, line 2, strike ''and Indian''.

Page 144, strike lines 11 through 15.

Page 144, line 16, strike ''(d)'' and insert ''(c)''.

Page 217, strike lines 16 through 20.

At the end of the bill, insert the following new title:

TITLE VI—NATIVE AMERICAN HOUSING ASSISTANCE

SECTION 601. SHORT TITLE.

This title may be cited as the ''Native American Housing Assistance and Self-Determination Act of 1996''.

SEC. 602. CONGRESSIONAL FINDINGS.

The Congress hereby finds that—

(1) the Federal Government has a responsibility to promote the general welfare of the Nation—

(A) by using Federal resources to aid families and individuals seeking affordable homes that are safe, clean, and healthy and, in particular, assisting responsible, deserving citizens who cannot provide fully for themselves because of temporary circumstances or factors beyond their control;

(B) by working to ensure a thriving national economy and a strong private housing market; and

(C) by developing effective partnerships among the Federal Government, State and local governments, and private entities that allow government to accept responsibility for fostering the development of a healthy marketplace and allow families to prosper without government involvement in their day-to-day activities;

(2) there exists a unique relationship between the Government of the United States and the governments of Indian tribes and a unique Federal responsibility to Indian people;

(3) the Constitution of the United States invests the Congress with plenary power over the field of Indian affairs, and through treaties, statutes, and historical relations with Indian tribes, the United States has undertaken a trust responsibility to protect Indian tribes;

(4) the Congress, through treaties, statutes, and the general course of dealing with Indian tribes, has assumed the responsibility for the protection and preservation of Indian tribes and for working with tribes and their members to improve their socio-economic status so that they are able to take greater responsibility for their own economic condition;

(5) providing affordable and healthy homes is an essential element in the special role of the United States in helping tribes and their members to achieve a socio-economic status comparable to their non-Indian neighbors;

(6) the need for affordable and healthy homes on Indian reservations, in Indian communities, and in Native Alaskan villages is acute and the Federal Government should work not only to provide housing assistance, but also, to the extent practicable, to assist in the development of private housing finance mechanisms on Indian lands to achieve the goals of economic self-sufficiency and self-determination for tribes and their members; and

(7) Federal assistance to meet these responsibilities should be provided in a manner that recognizes the right of tribal self-governance by making such assistance available directly to the tribes or tribally designated entities.

SEC. 603. ADMINISTRATION THROUGH OFFICE OF NATIVE AMERICAN PROGRAMS.

The Secretary of Housing and Urban Development shall carry out this title through the

Office of Native American Programs of the Department of Housing and Urban Development.

SEC. 604. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) AFFORDABLE HOUSING.—The term ''affordable housing'' means housing that complies with the requirements for affordable housing under subtitle B. The term includes permanent housing for homeless persons who are persons with disabilities, transitional housing, and single room occupancy housing.

(2) FAMILIES AND PERSONS.—

(A) SINGLE PERSONS.—The term ''families'' includes families consisting of a single person in the case of (i) an elderly person, (ii) a disabled person, (iii) a displaced person, (iv) the remaining members of a tenant family, and (v) any other single persons.

(B) FAMILIES.—The term ''families'' includes families with children and, in the cases of elderly families, near-elderly families, and disabled families, means families whose heads (or their spouses), or whose sole members, are elderly, near-elderly, or persons with disabilities, respectively. The term includes, in the cases of elderly families, near-elderly families, and disabled families, 2 or more elderly persons, near-elderly persons, or persons with disabilities living together, and 1 or more such persons living with 1 or more persons determined under the regulations of the Secretary to be essential to their care or well-being.

(C) ABSENCE OF CHILDREN.—The temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size for purposes of this title.

(D) ELDERLY PERSON.—The term ''elderly person'' means a person who is at least 62 years of age.

(E) PERSON WITH DISABILITIES.—The term ''person with disabilities'' means a person who—

(i) has a disability as defined in section 223 of the Social Security Act,

(ii) is determined, pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment which (I) is expected to be of long-continued and indefinite duration, (II) substantially impedes his or her ability to live independently, and (III) is of such a nature that such ability could be improved by more suitable housing conditions, or

(iii) has a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

(F) DISPLACED PERSON.—The term ''displaced person'' means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

(G) NEAR-ELDERLY PERSON.—The term ''near-elderly person'' means a person who is at least 50 years of age but below the age of 62.

(3) GRANT BENEFICIARY.—The term ''grant beneficiary'' means the Indian tribe or tribes on behalf of which a grant is made under this title to a recipient.

(4) INDIAN.—The term ''Indian'' means any person who is a member of an Indian tribe.

(5) INDIAN AREA.—The term ''Indian area'' means the area within which a tribally designated housing entity is authorized to provide assistance under this title for affordable housing.

(6) INDIAN TRIBE.—The term ''Indian tribe'' means—

(A) any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975; and

(B) any tribe, band, nation, pueblo, village, or community that—

(i) has been recognized as an Indian tribe by any State; and

(ii) for which an Indian housing authority is eligible, on the date of the enactment of this title, to enter into a contract with the Secretary pursuant to the United States Housing Act of 1937.

(7) LOCAL HOUSING PLAN.—The term ''local housing plan'' means a plan under section 612.

(8) LOW-INCOME FAMILY.—The term ''low-income family'' means a family whose income does not exceed 80 percent of the median income for the area, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the authority's findings that such variations are necessary because of unusually high or low family incomes.

(9) MEDIAN INCOME.—The term ''median income'' means, with respect to an area that is an Indian area, the greater of—

(A) the median income for the Indian area, which the Secretary shall determine; or

(B) the median income for the United States.

(10) RECIPIENT.—The term ''recipient'' means the entity for an Indian tribe that is authorized to receive grant amounts under this title on behalf of the tribe, which may only be the tribe or the tribally designated housing entity for the tribe.

(11) TRIBALLY DESIGNATED HOUSING ENTITY.—The terms ''tribally designated housing entity'' and ''housing entity'' have the following meaning:

(A) EXISTING IHA'S.—For any Indian tribe that has not taken action under subparagraph (B) and for which an Indian housing authority—

(i) was established for purposes of the United States Housing Act of 1937 before the date of the enactment of this title that meets the requirements under the United States Housing Act of 1937,

(ii) is acting upon such date of enactment as the Indian housing authority for the tribe, and

(iii) is not an Indian tribe for purposes of this title,

the terms mean such Indian housing authority.

(B) OTHER ENTITIES.—For any Indian tribe that, pursuant to this Act, authorizes an entity other than the tribal government to receive grant amounts and provide assistance under this title for affordable housing for Indians, which entity is established—

(i) by exercise of the power of self-government of an Indian tribe independent of State law, or

(ii) by operation of State law providing specifically for housing authorities or housing entities for Indians, including regional housing authorities in the State of Alaska,

the terms mean such entity.

A tribally designated housing entity may be authorized or established by one or more Indian tribes to act on behalf of each such tribe authorizing or establishing the housing entity. Nothing in this title may be construed to affect the existence, or the ability to operate, of any Indian housing authority established before the date of the enactment of this title by a State-recognized tribe, band, nation, pueblo, village, or community of Indian or Alaska Natives that is not an Indian tribe for purposes of this title.

(12) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development, except as otherwise specified in this title.

Subtitle A—Block Grants and Grant Requirements

SEC. 611. BLOCK GRANTS.

(a) AUTHORITY.—For each fiscal year, the Secretary shall (to the extent amounts are made available to carry out this title) make grants under this section on behalf of Indian tribes to carry out affordable housing activities. Under such a grant on behalf of an Indian tribe, the Secretary shall provide the grant amounts for the tribe directly to the recipient for the tribe.

(b) CONDITION OF GRANT.—

(1) IN GENERAL.—The Secretary may make a grant under this title on behalf of an Indian tribe for a fiscal year only if—

(A) the Indian tribe has submitted to the Secretary a local housing plan for such fiscal year under section 612; and

(B) the plan has been determined under section 613 to comply with the requirements of section 612.

(2) WAIVER.—The Secretary may waive the applicability of the requirements under paragraph (1), in whole or in part, if the Secretary finds that an Indian tribe has not complied or can not complied with such requirements because of circumstances beyond the control of the tribe.

(c) AMOUNT.—Except as otherwise provided under subtitle B, the amount of a grant under this section to a recipient for a fiscal year shall be—

(1) in the case of a recipient whose grant beneficiary is a single Indian tribe, the amount of the allocation under section 641 for the Indian tribe; and

(2) in the case of a recipient whose grant beneficiary is more than 1 Indian tribe, the sum of the amounts of the allocations under section 641 for each such Indian tribe.

(d) USE FOR AFFORDABLE HOUSING ACTIVITIES.—Except as provided in subsection (f), amounts provided under a grant under this section may be used only for affordable housing activities under subtitle B.

(e) EFFECTUATION OF LHP.—Except as provided in subsection (f), amounts provided under a grant under this section may be used only for affordable housing activities that are consistent with the approved local housing plan under section 613 for the grant beneficiary on whose behalf the grant is made.

(f) ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—The Secretary shall, by regulation, authorize each recipient to use a percentage of any grant amounts received under this title for any administrative and planning expenses of the recipient relating to carrying out this title and activities assisted with such amounts, which may include costs for salaries of individuals engaged in administering and managing affordable housing activities assisted with grant amounts provided under this title and expenses of preparing a local housing plan under section 612.

(2) CONTENTS OF REGULATIONS.—The regulations referred to in paragraph (1) shall provide that—

(A) the Secretary shall, for each recipient, establish a percentage referred to in paragraph (1) based on the specific circumstances of the recipient and the tribes served by the recipient; and

(B) the Secretary may review the percentage for a recipient upon the written request

of the recipient specifying the need for such review or the initiative of the Secretary and, pursuant to such review, may revise the percentage established for the recipient.

(g) PUBLIC-PRIVATE PARTNERSHIPS.—Each recipient shall make all reasonable efforts, consistent with the purposes of this title, to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in implementing the approved local housing plan for the tribe that is the grant beneficiary.

SEC. 612. LOCAL HOUSING PLANS.

(a) IN GENERAL.—

(1) SUBMISSION.—The Secretary shall provide for an Indian tribe to submit to the Secretary, for each fiscal year, a local housing plan under this section for the tribe (or for the tribally designated housing entity for a tribe to submit the plan under subsection (e) for the tribe) and for the review of such plans.

(2) LOCALLY DRIVEN NATIONAL OBJECTIVES.—A local housing plan shall describe—

(A) the mission of the tribe with respect to affordable housing or, in the case of a recipient that is a tribally designated housing entity, the mission of the housing entity;

(B) the goals, objectives, and policies of the recipient to meet the housing needs of low-income families in the jurisdiction of the housing entity, which shall be designed to achieve the national objectives under section 621(a); and

(C) how the locally established mission and policies of the recipient are designed to achieve, and are consistent with, the national objectives under section 621(a).

(b) 5-YEAR PLAN.—Each local housing plan under this section for an Indian tribe shall contain, with respect to the 5-year period beginning with the fiscal year for which the plan is submitted, the following information:

(1) LOCALLY DRIVEN NATIONAL OBJECTIVES.—The information described in subsection (a)(2).

(2) CAPITAL IMPROVEMENT OVERVIEW.—If the recipient will provide capital improvements for housing described in subsection (c)(3) during such period, an overview of such improvements, the rationale for such improvements, and an analysis of how such improvements will enable the recipient to meet its goals, objectives, and mission.

(c) 1-YEAR PLAN.—A local housing plan under this section for an Indian tribe shall contain the following information relating to the upcoming fiscal year for which the assistance under this title is to be made available:

(1) FINANCIAL RESOURCES.—An operating budget for the recipient for the tribe that includes—

(A) identification and a description of the financial resources reasonably available to the recipient to carry out the purposes of this title, including an explanation of how amounts made available will leverage such additional resources; and

(B) the uses to which such resources will be committed, including eligible and required affordable housing activities under subtitle B to be assisted and administrative expenses.

(2) AFFORDABLE HOUSING.—For the jurisdiction within which the recipient is authorized to use assistance under this title—

(A) a description of the estimated housing needs and the need for assistance for very low-income and moderate-income families;

(B) a description of the significant characteristics of the housing market, indicating how such characteristics will influence the use of amounts made available under this title for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units;

(C) an description of the structure, means of cooperation, and coordination between the recipient and any units of general local government in the development, submission, and implementation of their housing plans, including a description of the involvement of any private industries, nonprofit organizations, and public institutions;

(D) a description of how the plan will address the housing needs identified pursuant to subparagraph (A), describing the reasons for allocation priorities, and identify any obstacles to addressing underserved needs;

(E) a description of any homeownership programs of the recipient to be carried out with respect to affordable housing assisted under this title and the requirements and assistance available under such programs;

(F) a certification that the recipient will maintain written records of the standards and procedures under which the recipient will monitor activities assisted under this title and ensure long-term compliance with the provisions of this title;

(G) a certification that the recipient will comply with title II of the Civil Rights Act of 1968 in carrying out this title, to the extent that such title is applicable;

(H) a statement of the number of families for whom the recipient will provide affordable housing using grant amounts provided under this title;

(I) a statement of how the goals, programs, and policies for producing and preserving affordable housing will be coordinated with other programs and services for which the recipient is responsible and the extent to which they will reduce (or assist in reducing) the number of households with incomes below the poverty line; and

(J) a certification that the recipient has obtain insurance coverage for any housing units that are owned or operated by the tribe or the tribally designated housing entity for the tribe and assisted with amounts provided under this Act, in compliance with such requirements as the Secretary may establish.

(3) INDIAN HOUSING DEVELOPED UNDER UNITED STATES HOUSING ACT OF 1937.—A plan describing how the recipient for the tribe will comply with the requirements under section 623 relating to low-income housing owned or operated by the housing entity that was developed pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937, which shall include—

(A) a certification that the recipient will maintain a written record of the policies of the recipient governing eligibility, admissions, and occupancy of families with respect to dwelling units in such housing;

(B) a certification that the recipient will maintain a written record of policies of the recipient governing rents charged for dwelling units in such housing, including—

(i) the methods by which such rents are determined; and

(ii) an analysis of how such methods affect—

(I) the ability of the recipient to provide affordable housing for low-income families having a broad range of incomes;

(II) the affordability of housing for families having incomes that do not exceed 30 percent of the median family income for the area; and

(III) the availability of other financial resources to the recipient for use for such housing;

(C) a certification that the recipient will maintain a written record of the standards and policies of the recipient governing maintenance and management of such housing, and management of the recipient with respect to administration of such housing, including—

(i) housing quality standards;

(ii) routine and preventative maintenance policies;

(iii) emergency and disaster plans;

(iv) rent collection and security policies;

(v) priorities and improvements for management of the housing; and

(vi) priorities and improvements for management of the recipient, including improvement of electronic information systems to facilitate managerial capacity and efficiency;

(D) a plan describing—

(i) the capital improvements necessary to ensure long-term physical and social viability of such housing; and

(ii) the priorities of the recipient for capital improvements of such housing based on analysis of available financial resources, consultation with residents, and health and safety considerations;

(E) a description of any such housing to be demolished or disposed of, a timetable for such demolition or disposition, and any information required under law with respect to such demolition or disposition;

(F) a description of how the recipient will coordinate with tribal and State welfare agencies to ensure that residents of such housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency; and

(G) a description of the requirements established by the recipient that promote the safety of residents of such housing, facilitate the housing entity undertaking crime prevention measures (such as community policing, where appropriate), allow resident input and involvement, and allow for creative methods to increase resident safety by coordinating crime prevention efforts between the recipient and tribal or local law enforcement officials.

(4) INDIAN HOUSING LOAN GUARANTEES AND OTHER HOUSING ASSISTANCE.—A description of how loan guarantees under section 184 of the Housing and Community Development Act of 1992, and other housing assistance provided by the Federal Government for Indian tribes (including grants, loans, and mortgage insurance) will be used to help in meeting the needs for affordable housing in the jurisdiction of the recipient.

(5) DISTRIBUTION OF ASSISTANCE.—A certification that the recipient for the tribe will maintain a written record of—

(A) the geographical distribution (within the jurisdiction of the recipient) of the use of grant amounts and how such geographical distribution is consistent with the geographical distribution of housing need (within such jurisdiction); and

(B) the distribution of the use of such assistance for various categories of housing and how use for such various categories is consistent with the priorities of housing need (within the jurisdiction of the recipient).

(d) PARTICIPATION OF TRIBALLY DESIGNATED HOUSING ENTITY.—A plan under this section for an Indian tribe may be prepared and submitted on behalf of the tribe by the tribally designated housing entity for the tribe, but only if such plan contains a certification by the recognized tribal government of the grant beneficiary that such tribe has had an opportunity to review the plan and has authorized the submission of the plan by the housing entity.

(e) COORDINATION OF PLANS.—A plan under this section may cover more than 1 Indian tribe, but only if the certification requirements under subsection (d) are complied with by each such grant beneficiary covered.

(f) PLANS FOR SMALL TRIBES.—

(1) SEPARATE REQUIREMENTS.—The Secretary shall establish requirements for submission of plans under this section and the information to be included in such plans applicable to small Indian tribes and small

tribally designated housing entities. Such requirements shall waive any requirements under this section that the Secretary determines are burdensome or unnecessary for such tribes and housing entities.

(2) SMALL TRIBES.—The Secretary shall define small Indian tribes and small tribally designated housing entities based on the number of dwelling units assisted under this subtitle by the tribe or housing entity or owned or operated pursuant to a contract under the United States Housing Act of 1937 between the Secretary and the Indian housing authority for the tribe.

(g) REGULATIONS.—The requirements relating to the contents of plans under this section shall be established by regulation, pursuant to section 616.

SEC. 613. REVIEW OF PLANS.

(a) REVIEW AND NOTICE.—

(1) REVIEW.—The Secretary shall conduct a limited review of each local housing plan submitted to the Secretary to ensure that the plan complies with the requirements of section 612. The Secretary shall have the discretion to review a plan only to the extent that the Secretary considers review is necessary.

(2) NOTICE.—The Secretary shall notify each Indian tribe for which a plan is submitted and any tribally designated housing entity for the tribe whether the plan complies with such requirements not later than 45 days after receiving the plan. If the Secretary does not notify the Indian tribe, as required under this subsection and subsection (b), the plan shall be considered, for purposes of this title, to have been determined to comply with the requirements under section 612 and the tribe shall be considered to have been notified of compliance upon the expiration of such 45-day period.

(b) NOTICE OF REASONS FOR DETERMINATION OF NONCOMPLIANCE.—If the Secretary determines that a plan, as submitted, does not comply with the requirements under section 612, the Secretary shall specify in the notice under subsection (a) the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 612.

(c) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan does not comply with the requirements under section 612 only if—

(1) the plan is not consistent with the national objectives under section 621(a);

(2) the plan is incomplete in significant matters required under such section;

(3) there is evidence available to the Secretary that challenges, in a substantial manner, any information provided in the plan;

(4) the Secretary determines that the plan violates the purposes of this title because it fails to provide affordable housing that will be viable on a long-term basis at a reasonable cost; or

(5) the plan fails to adequately identify the capital improvement needs for low-income housing owned or operated by the Indian tribe that was developed pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937.

(d) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this title, a plan shall be considered to have been submitted for an Indian tribe if the appropriate Indian housing authority has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this title) or under the comprehensive improvement assistance program under such section 14, and the Secretary has approved such plan, before January 1, 1997. The Secretary shall provide specific procedures and requirements for such tribes to amend such plans by submitting only such additional information as is necessary to comply with the requirements of section 612.

(e) UPDATES TO PLAN.—After a plan under section 612 has been submitted for an Indian tribe for any fiscal year, the tribe may comply with the provisions of such section for any succeeding fiscal year (with respect to information included for the 5-year period under section 612(b) or the 1-year period under section 612(c)) by submitting only such information regarding such changes as may be necessary to update the plan previously submitted.

SEC. 614. TREATMENT OF PROGRAM INCOME AND LABOR STANDARDS.

(a) PROGRAM INCOME.—

(1) AUTHORITY TO RETAIN.—Notwithstanding any other provision of law, a recipient may retain any program income that is realized from any grant amounts under this title if—

(A) such income was realized after the initial disbursement of the grant amounts received by the recipient; and

(B) the recipient has agreed that it will utilize the program income for affordable housing activities in accordance with the provisions of this title.

(2) PROHIBITION OF REDUCTION OF GRANT.—The Secretary may not reduce the grant amount for any Indian tribe based solely on (1) whether the recipient for the tribe retains program income under paragraph (1), or (2) the amount of any such program income retained.

(3) EXCLUSION OF AMOUNTS.—The Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with the requirements of this subsection would create an unreasonable administrative burden on the recipient.

(b) TREATMENT OF LABOR STANDARDS.—The use of amounts provided under this title to finance (in whole or in part) a contract for construction or rehabilitation work shall not cause such contract to be subject to the requirements of the Act of March 3, 1931 (40 U.S.C. 276a–276a-5; commonly known as the Davis-Bacon Act) or to any other provision of law requiring payment of wages in accordance with such Act.

SEC. 615. ENVIRONMENTAL REVIEW.

(a) IN GENERAL.—In order to ensure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of grant amounts provided under this title, and to ensure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of amounts for particular projects to recipients of assistance under this title who assume all of the responsibilities for environmental review, decisionmaking, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were the Secretary to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this section only after consultation with the Council on Environmental Quality. The regulations shall provide—

(1) for the monitoring of the environmental reviews performed under this section;

(2) in the discretion of the Secretary, to facilitate training for the performance of such reviews; and

(3) for the suspension or termination of the assumption of responsibilities under this section.

The Secretary's duty under the preceding sentence shall not be construed to limit or reduce any responsibility assumed by a recipient of grant amounts with respect to any particular release of funds.

(b) PROCEDURE.—The Secretary shall approve the release of funds subject to the procedures authorized by this section only if, at least 15 days prior to such approval and prior to any commitment of funds to such projects the recipient of grant amounts has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of subsection (c). The Secretary's approval of any such certification shall be deemed to satisfy the Secretary's responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(c) CERTIFICATION.—A certification under the procedures authorized by this section shall—

(1) be in a form acceptable to the Secretary,

(2) be executed by the chief executive officer or other officer of the recipient of assistance under this title qualified under regulations of the Secretary,

(3) specify that the recipient has fully carried out its responsibilities as described under subsection (a), and

(4) specify that the certifying officer (A) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 and each provision of law specified in regulations issued by the Secretary insofar as the provisions of such Act or such other provisions of law apply pursuant to subsection (a), and (B) is authorized and consents on behalf of the recipient of assistance and such officer to accept the jurisdiction of the Federal courts for the purpose of enforcement of the certifying officer's responsibilities as such an official.

SEC. 616. REGULATIONS.

(a) INTERIM REQUIREMENTS.—Not later than 90 days after the date of the enactment of this title, the Secretary shall, by notice issued in the Federal Register, establish any requirements necessary to carry out this title in the manner provided in section 617(b), which shall be effective only for fiscal year 1997. The notice shall invite public comments regarding such interim requirements and final regulations to carry out this title and shall include general notice of proposed rulemaking (for purposes of section 564(a) of title 5, United States Code) of the final regulations under paragraph (2).

(b) FINAL REGULATIONS.—

(1) TIMING.—The Secretary shall issue final regulations necessary to carry out this title not later than September 1, 1997, and such regulations shall take effect not later than the effective date under section 617(a).

(2) NEGOTIATED RULEMAKING.—Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, the final regulations required under paragraph (1) shall be issued according to a negotiated rulemaking procedure under subchapter III of chapter 5 of title 5, United States Code. The Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations, which shall include representatives of Indian tribes.

SEC. 617. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and as otherwise specifically

provided in this title, this title shall take effect on October 1, 1997.

(b) INTERIM APPLICABILITY.—For fiscal year 1997, this title shall apply to any Indian tribe that requests the Secretary to apply this title to such tribe, subject to the provisions of this subsection, but only if the Secretary determines that the tribe has the capacity to carry out the responsibilities under this title during such fiscal year. For fiscal year 1997, this title shall apply to any such tribe subject to the following limitations:

(1) USE OF ASSISTANCE AMOUNTS AS BLOCK GRANT.—Amounts shall not be made available pursuant to this title for grants under this title for such fiscal year, but any amounts made available for the tribe under the United States Housing Act of 1937, title II or subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, title IV of the Stewart B. McKinney Homeless Assistance Act, or section 2 of the HUD Demonstration Act of 1993 shall be considered grant amounts under this title and shall be used subject to the provisions of this title relating to such grant amounts.

(2) LOCAL HOUSING PLAN.—Notwithstanding section 613 of this title, a local housing plan shall be considered to have been submitted for the tribe for fiscal year 1997 for purposes of this title only if—

(A) the appropriate Indian housing authority has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 or under the comprehensive improvement assistance program under such section 14;

(B) the Secretary has approved such plan before January 1, 1996; and

(C) the tribe complies with specific procedures and requirements for amending such plan as the Secretary may establish to carry out this subsection.

(c) ASSISTANCE UNDER EXISTING PROGRAM DURING FISCAL YEAR 1997.—Notwithstanding the repeal of any provision of law under section 501(a) and with respect only to Indian tribes not provided assistance pursuant to subsection (b), during fiscal year 1997—

(1) the Secretary shall carry out programs to provide low-income housing assistance on Indian reservations and other Indian areas in accordance with the provisions of title II of the United States Housing Act of 1937 and related provisions of law, as in effect immediately before the enactment of this Act;

(2) except to the extent otherwise provided in the provisions of such title II (as so in effect), the provisions of title I of such Act (as so in effect) and such related provisions of law shall apply to low-income housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority; and

(3) none of the provisions of title I, II, III, or IV, or of any other law specifically modifying the public housing program that is enacted after the date of the enactment of this Act, shall apply to public housing operated pursuant to a contract between the Secretary and an Indian housing authority, unless the provision explicitly provides for such applicability.

SEC. 618. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for grants under subtitle A $650,000,000, for each of fiscal years 1998, 1999, 2000, and 2001.

Subtitle B—Affordable Housing Activities

SEC. 621. NATIONAL OBJECTIVES AND ELIGIBLE FAMILIES.

(a) PRIMARY OBJECTIVE.—The national objectives of this title are—

(1) to assist and promote affordable housing activities to develop, maintain, and operate safe, clean, and healthy affordable housing on Indian reservations and in other Indian areas for occupancy by low-income Indian families;

(2) to ensure better access to private mortgage markets for Indian tribes and their members and to promote self-sufficiency of Indian tribes and their members;

(3) to coordinate activities to provide housing for Indian tribes and their members with Federal, State, and local activities to further economic and community development for Indian tribes and their members;

(4) to plan for and integrate infrastructure resources for Indian tribes with housing development for tribes; and

(5) to promote the development of private capital markets in Indian country and to allow such markets to operate and grow, thereby benefiting Indian communities.

(b) ELIGIBLE FAMILIES.—

(1) IN GENERAL.—Except as provided under paragraph (2), assistance under eligible housing activities under this title shall be limited to low-income Indian families on Indian reservations and other Indian areas.

(2) EXCEPTION TO LOW-INCOME REQUIREMENT.—A recipient may provide assistance for model activities under section 622(a)(6) to families who are not low-income families, if the Secretary approves the activities pursuant to such subsection because there is a need for housing for such families that cannot reasonably be met without such assistance. The Secretary shall establish limits on the amount of assistance that may be provided under this title for activities for families who are not low-income families.

(3) NON-INDIAN FAMILIES.—A recipient may provide housing or housing assistance provided through affordable housing activities assisted with grant amounts under this title for a non-Indian family on an Indian reservation or other Indian area if the recipient determines that the presence of the family on the Indian reservation or other Indian area is essential to the well-being of Indian families and the need for housing for the family cannot reasonably be met without such assistance.

(4) PREFERENCE FOR INDIAN FAMILIES.—The local housing plan for an Indian tribe may require preference, for housing or housing assistance provided through affordable housing activities assisted with grant amounts provided under this title on behalf of such tribe, to be given (to the extent practicable) to Indian families who are members of such tribe, or to other Indian families. In any case in which the applicable local housing plan for an Indian tribe provides for preference under this subsection, the recipient for the tribe shall ensure that housing activities that are assisted with grant amounts under this title for such tribe are subject to such preference.

(5) EXEMPTION.—Title VI of the Civil Rights Act of 1964 and title VIII of the Civil Rights Act of 1968 shall not apply to actions by Indian tribes under this subsection.

SEC. 622. ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.

Affordable housing activities under this subtitle are activities, in accordance with the requirements of this subtitle, to develop or to support affordable housing for rental or homeownership, or to provide housing services with respect to affordable housing, through the following activities:

(1) INDIAN HOUSING ASSISTANCE.—The provision of modernization or operating assistance for housing previously developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

(2) DEVELOPMENT.—The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, which may include real property acquisition, site improvement, development of utilities and utility services, conversion, demolition, financing, administration and planning, and other related activities.

(3) HOUSING SERVICES.—The provision of housing-related services for affordable housing, such as housing counseling in connection with rental or homeownership assistance, energy auditing, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in other housing activities assisted pursuant to this section.

(4) HOUSING MANAGEMENT SERVICES.—The provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects.

(5) CRIME PREVENTION AND SAFETY ACTIVITIES.—The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime.

(6) MODEL ACTIVITIES.—Housing activities under model programs that are designed to carry out the purposes of this title and are specifically approved by the Secretary as appropriate for such purpose.

SEC. 623. REQUIRED AFFORDABLE HOUSING ACTIVITIES.

(a) MAINTENANCE OF OPERATING ASSISTANCE FOR INDIAN HOUSING.—Any recipient who owns or operates (or is responsible for funding any entity that owns or operates) housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937 shall, using amounts of any grants received under this title, reserve and use for operating assistance under section 622(1) such amounts as may be necessary to provide for the continued maintenance and efficient operation of such housing.

(b) DEMOLITION AND DISPOSITION.—This title may not be construed to prevent any recipient (or entity funded by a recipient) from demolishing or disposing of Indian housing referred to in such subsection. Notwithstanding section 114, section 261 shall apply to the demolition or disposition of Indian housing referred to in subsection (a).

SEC. 624. TYPES OF INVESTMENTS.

(a) IN GENERAL.—Subject to section 623 and the local housing plan for an Indian tribe, the recipient for such tribe shall have—

(1) the discretion to use grant amounts for affordable housing activities through equity investments, interest-bearing loans or advances, noninterest-bearing loans or advances, interest subsidies, leveraging of private investments under subsection (b), or any other form of assistance that the Secretary has determined to be consistent with the purposes of this title; and

(2) the right to establish the terms of assistance.

(b) LEVERAGING PRIVATE INVESTMENT.—A recipient may leverage private investments in affordable housing activities by pledging existing or future grant amounts to assure the repayment of notes and other obligations of the recipient issued for purposes of carrying out affordable housing activities.

SEC. 625. LOW-INCOME REQUIREMENT AND INCOME TARGETING.

Housing shall qualify as affordable housing for purposes of this title only if—

(1) each dwelling unit in the housing—

(A) in the case of rental housing, is made available for occupancy only by a family that is a low-income family at the time of their initial occupancy of such unit; and

(B) in the case of housing for homeownership, is made available for purchase only by a family that is a low-income family at the time of purchase; and

(2) except for housing assisted under section 202 of the United States Housing Act of

1937 (as in effect before the enactment of this Act), each dwelling unit in the housing will remain affordable, according to binding commitments satisfactory to the Secretary, for the remaining useful life of the property (as determined by the Secretary) without regard to the term of the mortgage or to transfer of ownership, or for such other period that the Secretary determines is the longest feasible period of time consistent with sound economics and the purposes of this title, except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action (A) recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure, and (B) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary.

SEC. 626. CERTIFICATION OF COMPLIANCE WITH SUBSIDY LAYERING REQUIREMENTS.

With respect to housing assisted with grant amounts provided under this title, the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 shall be considered to be satisfied upon certification by the recipient of the assistance to the Secretary that the combination of Federal assistance provided to any housing project is not any more than is necessary to provide affordable housing.

SEC. 627. LEASE REQUIREMENTS AND TENANT SELECTION.

(a) LEASES.—Except to the extent otherwise provided by or inconsistent with tribal law, in renting dwelling units in affordable housing assisted with grant amounts provided under this title, the owner or manager of the housing shall utilize leases that—

(1) do not contain unreasonable terms and conditions;

(2) require the owner or manager to maintain the housing in compliance with applicable housing codes and quality standards;

(3) require the owner or manager to give adequate written notice of termination of the lease, which shall not be less than—

(A) the period provided under the applicable law of the jurisdiction or 14 days, whichever is less, in the case of nonpayment of rent;

(B) a reasonable period of time, but not to exceed 14 days, when the health or safety of other residents or employees of the owner or manager is threatened; and

(C) the period of time provided under the applicable law of the jurisdiction, in any other case;

(4) require that the owner or manager may not terminate the tenancy except for violation of the terms or conditions of the lease, violation of applicable Federal, tribal, State, or local law, or for other good cause; and

(5) provide that the owner or manager may terminate the tenancy of a resident for any activity, engaged in by the resident, any member of the resident's household, or any guest or other person under the resident's control, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other residents or employees of the owner or manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their premises by, persons residing in the immediate vicinity of the premises; or

(C) is criminal activity (including drug-related criminal activity).

(b) TENANT SELECTION.—The owner or manager of affordable rental housing assisted under with grant amounts provided under this title shall adopt and utilize written tenant selection policies and criteria that—

(1) are consistent with the purpose of providing housing for low-income families;

(2) are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease; and

(3) provide for (A) the selection of tenants from a written waiting list in accordance with the policies and goals set forth in the local housing plan for the tribe that is the grant beneficiary of such grant amounts, and (B) the prompt notification in writing of any rejected applicant of the grounds for any rejection.

SEC. 628. REPAYMENT.

If a recipient uses grant amounts to provide affordable housing under activities under this subtitle and, at any time during the useful life of the housing the housing does not comply with the requirement under section 625(a)(2), the Secretary shall reduce future grant payments on behalf of the grant beneficiary by an amount equal to the grant amounts used for such housing (under the authority under section 651(a)(2)) or require repayment to the Secretary of an amount equal to such grant amounts.

SEC. 629. CONTINUED USE OF AMOUNTS FOR AFFORDABLE HOUSING.

Any funds for programs for low-income housing under the United States Housing Act of 1937 that, on the date of the applicability of this title to an Indian tribe, are owned by, or in the possession or under the control of, the Indian housing authority for the tribe, including all reserves not otherwise obligated, shall be considered assistance under this title and subject to the provisions of this title relating to use of such assistance.

Subtitle C—Allocation of Grant Amounts

SEC. 641. ANNUAL ALLOCATION.

For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this title for the fiscal year, in accordance with the formula established pursuant to section 642, among Indian tribes that comply with the requirements under this title for a grant under this title.

SEC. 642. ALLOCATION FORMULA.

The Secretary shall, by regulations issued in the manner provided under section 616, establish a formula to provide for allocating amounts available for a fiscal year for block grants under this title among Indian tribes. The formula shall be based on factors that reflect the need of the Indian tribes and the Indian areas of the tribes for assistance for affordable housing activities, including the following factors:

(1) The number of low-income housing dwelling units owned or operated at the time pursuant to a contract between an Indian housing authority for the tribe and the Secretary.

(2) The extent of poverty and economic distress within Indian areas of the tribe.

(3) Other objectively measurable conditions as the Secretary may specify.

The regulations establishing the formula shall be issued not later than the expiration of the 12-month period beginning on the date of the enactment of this title.

Subtitle D—Compliance, Audits, and Reports

SEC. 651. REMEDIES FOR NONCOMPLIANCE.

(a) ACTIONS BY SECRETARY AFFECTING GRANT AMOUNTS.—Except as provided in subsection (b), if the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this title has failed to comply substantially with any provision of this title, the Secretary shall—

(1) terminate payments under this title to the recipient;

(2) reduce payments under this title to the recipient by an amount equal to the amount of such payments which were not expended in accordance with this title;

(3) limit the availability of payments under this title to programs, projects, or activities not affected by such failure to comply; or

(4) in the case of noncompliance described in section 652(b), provide a replacement tribally designated housing entity for the recipient, under section 652.

If the Secretary takes an action under paragraph (1), (2), or (3), the Secretary shall continue such action until the Secretary determines that the failure to comply has ceased.

(b) NONCOMPLIANCE BECAUSE OF TECHNICAL INCAPACITY.—If the Secretary makes a finding under subsection (a), but determines that the failure to comply substantially with the provisions of this title—

(1) is not a pattern or practice of activities constituting willful noncompliance, and

(2) is a result of the limited capability or capacity of the recipient,

the Secretary may provide technical assistance for the recipient (directly or indirectly) that is designed to increase the capability and capacity of the recipient to administer assistance provided under this title in compliance with the requirements under this title.

(c) REFERRAL FOR CIVIL ACTION.—

(1) AUTHORITY.—In lieu of, or in addition to, any action authorized by subsection (a), the Secretary may, if the Secretary has reason to believe that a recipient has failed to comply substantially with any provision of this title, refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted.

(2) CIVIL ACTION.—Upon such a referral, the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the assistance furnished under this title which was not expended in accordance with it, or for mandatory or injunctive relief.

(d) REVIEW.—

(1) IN GENERAL.—Any recipient who receives notice under subsection (a) of the termination, reduction, or limitation of payments under this title may, within 60 days after receiving such notice, file with the United States Court of Appeals for the circuit in which such State is located, or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in the litigation.

(2) PROCEDURE.—The Secretary shall file in the court record of the proceeding on which the Secretary based the action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(3) DISPOSITION.—The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify the Secretary's findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and the Secretary shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file the Secretary's recommendation, if any, for the modification or setting aside of the Secretary's original action.

(4) FINALITY.—Upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United State Code.

SEC. 652. REPLACEMENT OF RECIPIENT.

(a) AUTHORITY.—As a condition of the Secretary making a grant under this title on behalf of an Indian tribe, the tribe shall agree that, notwithstanding any other provision of law, the Secretary may, only in the circumstances set forth in subsection (b), require that a replacement tribally designated housing entity serve as the recipient for the tribe, in accordance with subsection (c).

(b) CONDITIONS OF REMOVAL.—The Secretary may require such replacement tribally designated housing entity for a tribe only upon a determination by the Secretary on the record after opportunity for a hearing that the recipient for the tribe has engaged in a pattern or practice of activities that constitutes substantial or willful noncompliance with the requirements under this title.

(c) CHOICE AND TERM OF REPLACEMENT.—If the Secretary requires that a replacement tribally designated housing entity serve as the recipient for a tribe (or tribes)—

(1) the replacement entity shall be an entity mutually agreed upon by the Secretary and the tribe (or tribes) for which the recipient was authorized to act, except that if no such entity is agreed upon before the expiration of the 60-day period beginning upon the date that the Secretary makes the determination under subsection (b), the Secretary shall act as the replacement entity until agreement is reached upon a replacement entity; and

(2) the replacement entity (or the Secretary, as provided in paragraph (1)) shall act as the tribally designated housing entity for the tribe (or tribes) for a period that expires upon—

(A) a date certain, which shall be specified by the Secretary upon making the determination under subsection (b); or

(B) the occurrence of specific conditions, which conditions shall be specified in written notice provided by the Secretary to the tribe upon making the determination under subsection (b).

SEC. 653. MONITORING OF COMPLIANCE.

(a) ENFORCEABLE AGREEMENTS.—Each recipient, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this title. Such measures shall provide for (1) enforcement of the provisions of this title by the grant beneficiary or by recipients and other intended beneficiaries, and (2) remedies for the breach of such provisions.

(b) PERIODIC MONITORING.—Not less frequently than annually, each recipient shall review the activities conducted and housing assisted under this title to assess compliance with the requirements of this title. Such review shall include on-site inspection of housing to determine compliance with applicable requirements. The results of each review shall be included in the performance report of the recipient submitted to the Secretary under section 654 and made available to the public.

SEC. 654. PERFORMANCE REPORTS.

(a) REQUIREMENT.—For each fiscal year, each recipient shall—

(1) review the progress it has made during such fiscal year in carrying out the local housing plan (or plans) for the Indian tribes for which it administers grant amounts; and

(2) submit a report to the Secretary (in a form acceptable to the Secretary) describing the conclusions of the review.

(b) CONTENT.—Each report under this section for a fiscal year shall—

(1) describe the use of grant amounts provided to the recipient for such fiscal year;

(2) assess the relationship of such use to the goals identified in the local housing plan of the grant beneficiary;

(3) indicate the recipient's programmatic accomplishments; and

(4) describe how the recipient would change its programs as a result of its experiences.

(c) SUBMISSION.—The Secretary shall establish dates for submission of reports under this section, and review such reports and make such recommendations as the Secretary considers appropriate to carry out the purposes of this title.

(d) PUBLIC AVAILABILITY.—A recipient preparing a report under this section shall make the report publicly available to the citizens in the recipient's jurisdiction in sufficient time to permit such citizens to comment on such report prior to its submission to the Secretary, and in such manner and at such times as the recipient may determine. The report shall include a summary of any comments received by the grant beneficiary or recipient from citizens in its jurisdiction regarding its program.

SEC. 655. REVIEW AND AUDIT BY SECRETARY.

(a) ANNUAL REVIEW.—The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

(1) whether the recipient has carried out its eligible activities in a timely manner, has carried out its eligible activities and certifications in accordance with the requirements and the primary objectives of this title and with other applicable laws, and has a continuing capacity to carry out those activities in a timely manner;

(2) whether the recipient has complied with the local housing plan of the grant beneficiary; and

(3) whether the performance reports under section 654 of the recipient are accurate.

Reviews under this section shall include, insofar as practicable, on-site visits by employees of the Department of Housing and Urban Development.

(b) REPORT BY SECRETARY.—The Secretary shall submit a written report to the Congress regarding each review under subsection (a). The Secretary shall give a recipient not less than 30 days to review and comment on a report under this subsection. After taking into consideration the comments of the recipient, the Secretary may revise the report and shall make the recipient's comments and the report, with any revisions, readily available to the public not later than 30 days after receipt of the recipient's comments.

(c) EFFECT OF REVIEWS.—The Secretary may make appropriate adjustments in the amount of the annual grants under this title in accordance with the Secretary's findings pursuant to reviews and audits under this section. The Secretary may adjust, reduce, or withdraw grant amounts, or take other action as appropriate in accordance with the Secretary's reviews and audits under this section, except that grant amounts already expended on affordable housing activities may not be recaptured or deducted from future assistance provided on behalf of an Indian tribe.

SEC. 656. GAO AUDITS.

To the extent that the financial transactions of Indian tribes and recipients of grant amounts under this title relate to amounts provided under this title, such transactions may be audited by the Comptroller General of the United States under such rules and regulations as may be prescribed by the Comptroller General. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such tribes and recipients pertaining to such financial transactions and necessary to facilitate the audit.

SEC. 657. REPORTS TO CONGRESS.

(a) IN GENERAL.—Not later than 90 days after the conclusion of each fiscal year in which assistance under this title is made available, the Secretary shall submit to the Congress a report that contains—

(1) a description of the progress made in accomplishing the objectives of this title; and

(2) a summary of the use of such funds during the preceding fiscal year.

(b) RELATED REPORTS.—The Secretary may require recipients of grant amounts under this title to submit to the Secretary such reports and other information as may be necessary in order for the Secretary to make the report required by subsection (a).

Subtitle E—Termination of Assistance for Indian Tribes under Incorporated Programs

SEC. 661. TERMINATION OF INDIAN PUBLIC HOUSING ASSISTANCE UNDER UNITED STATES HOUSING ACT OF 1937.

(a) IN GENERAL.—After September 30, 1997, financial assistance may not be provided under the United States Housing Act of 1937 or pursuant to any commitment entered into under such Act, for Indian housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, unless such assistance is provided from amounts made available for fiscal year 1997 and pursuant to a commitment entered into before September 30, 1997.

(b) TERMINATION OF RESTRICTIONS ON USE OF INDIAN HOUSING.—Except as provided in section 623(b) of this title, any housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937 shall not be subject to any provision of such Act or any annual contributions contract or other agreement pursuant to such Act, but shall be considered and maintained as affordable housing for purposes of this title.

SEC. 662. TERMINATION OF NEW COMMITMENTS FOR RENTAL ASSISTANCE.

After September 30, 1997, financial assistance for rental housing assistance under the United States Housing Act of 1937 may not be provided to any Indian housing authority or tribally designated housing entity, unless such assistance is provided pursuant to a contract for such assistance entered into by the Secretary and the Indian housing authority before such date.

SEC. 663. TERMINATION OF YOUTHBUILD PROGRAM ASSISTANCE.

(a) IN GENERAL.—Subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899 et seq.) is amended—

(1) by redesignating section 460 as section 461; and

(2) by inserting after section 459 the following new section:

"SEC. 460. INELIGIBILITY OF INDIAN TRIBES.

''Indian tribes, Indian housing authorities, and other agencies primarily serving Indians or Indian areas shall not be eligible applicants for amounts made available for assistance under this subtitle for fiscal year 1997 and fiscal years thereafter.''.

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendments under subsection (a) shall be made on October 1, 1997, and shall apply with respect to amounts made available for assistance under subtitle D of title II of the Cranston-Gonzalez National Affordable Housing Act for fiscal year 1998 and fiscal years thereafter.

SEC. 664. TERMINATION OF HOME PROGRAM ASSISTANCE.

(a) IN GENERAL.—Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended—

(1) in section 217(a)—

(A) in paragraph (1), by striking ''reserving amounts under paragraph (2) for Indian tribes and after''; and

(B) by striking paragraph (2); and

(2) in section 288—

(A) in subsection (a), by striking '', Indian tribes,'';

(B) in subsection (b), by striking '', Indian tribe,''; and

(C) in subsection (c)(4), by striking '', Indian tribe,''.

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendments under subsection (a) shall be made on October 1, 1997, and shall apply with respect to amounts made available for assistance under title II of the Cranston-Gonzalez National Affordable Housing Act for fiscal year 1998 and fiscal years thereafter.

SEC. 665. TERMINATION OF HOUSING ASSISTANCE FOR THE HOMELESS.

(a) MCKINNEY ACT PROGRAMS.—Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended—

(1) in section 411, by striking paragraph (10);

(2) in section 412, by striking '', and for Indian tribes,'';

(3) in section 413—

(A) in subsection (a)—

(i) by striking '', and to Indian tribes,''; and

(ii) by striking '', or for Indian tribes'' each place it appears;

(B) in subsection (c), by striking ''or Indian tribe''; and

(C) in subsection (d)(3)—

(i) by striking '', or Indian tribe'' each place it appears; and

(ii) by striking '', or other Indian tribes,'';

(4) in section 414(a)—

(A) by striking 'or Indian tribe'' each place it appears; and

(B) by striking '', local government,'' each place it appears and inserting ''or local government'';

(5) in section 415(c)(4), by striking ''Indian tribes,'';

(6) in section 416(b), by striking ''Indian tribe,'';

(7) in section 422—

(A) in by striking ''Indian tribe,''; and

(B) by striking paragraph (3);

(8) in section 441—

(A) by striking subsection (g);

(B) in subsection (h), by striking ''or Indian housing authority''; and

(C) in subsection (j)(1), by striking '', Indian housing authority'';

(9) in section 462—

(A) in paragraph (2), by striking '', Indian tribe,''; and

(B) by striking paragraph (4); and

(10) in section 491(e), by striking '', Indian tribes (as such term is defined in section 102(a) of the Housing and Community Development Act of 1974),''.

(b) INNOVATIVE HOMELESS DEMONSTRATION.—Section 2(b) of the HUD Demonstration Act of 1993 (42 U.S.C. 11301 note) is amended—

(1) in paragraph (3), by striking '' 'unit of general local government', and 'Indian tribe' '' and inserting ''and 'unit of general local government' ''; and

(2) in paragraph (4), by striking ''unit of general local government (including units in rural areas), or Indian tribe'' and inserting ''or unit of general local government''.

(c) EFFECTIVE DATE AND APPLICABILITY.—The amendments under subsections (a) and (b) shall be made on October 1, 1997, and shall apply with respect to amounts made available for assistance under title IV of the Stewart B. McKinney Homeless Assistance Act and section 2 of the HUD Demonstration Act of 1993, respectively, for fiscal year 1998 and fiscal years thereafter.

SEC. 666. SAVINGS PROVISION.

Except as provided in sections 661 and 662, this title may not be construed to affect the validity of any right, duty, or obligation of the United States or other person arising under or pursuant to any commitment or agreement lawfully entered into before October 1, 1997, under the United States Housing Act of 1937, subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, title II of the Cranston-Gonzalez National Affordable Housing Act, title IV of the Stewart B. McKinney Homeless Assistance Act, or section 2 of the HUD Demonstration Act of 1993.

SEC. 667. EFFECTIVE DATE.

Sections 661, 662, and 666 shall take effect on the date of the enactment of this title.

Subtitle F—Loan Guarantees for Affordable Housing Activities

SEC. 671. AUTHORITY AND REQUIREMENTS.

(a) AUTHORITY.—To such extent or in such amounts as provided in appropriation Acts, the Secretary may, subject to the limitations of this subtitle and upon such terms and conditions as the Secretary may prescribe, guarantee and make commitments to guarantee, the notes or other obligations issued by Indian tribes or tribally designated housing entities, for the purposes of financing affordable housing activities described in section 622.

(b) LACK OF FINANCING ELSEWHERE.—A guarantee under this subtitle may be used to assist an Indian tribe or housing entity in obtaining financing only if the Indian tribe or housing entity has made efforts to obtain such financing without the use of such guarantee and cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

(c) TERMS OF LOANS.—Notes or other obligations guaranteed pursuant to this subtitle shall be in such form and denominations, have such maturities, and be subject to such conditions as may be prescribed by regulations issued by the Secretary. The Secretary may not deny a guarantee under this subtitle on the basis of the proposed repayment period for the note or other obligation, unless the period is more than 20 years or the Secretary determines that the period causes the guarantee to constitute an unacceptable financial risk.

(d) LIMITATION ON OUTSTANDING GUARANTEES.—No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer's total outstanding notes or obligations guaranteed under this subtitle (excluding any amount defeased under the contract entered into under section 672(a)(1)) would thereby exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to title III.

(e) PROHIBITION OF PURCHASE BY FFB.—Notes or other obligations guaranteed under this subtitle may not be purchased by the Federal Financing Bank.

(f) PROHIBITION OF GUARANTEE FEES.—No fee or charge may be imposed by the Secretary or any other Federal agency on or with respect to a guarantee made by the Secretary under this subtitle.

SEC. 672. SECURITY AND REPAYMENT.

(a) REQUIREMENTS ON ISSUER.—To assure the repayment of notes or other obligations and charges incurred under this subtitle and as a condition for receiving such guarantees, the Secretary shall require the Indian tribe or housing entity issuing such notes or obligations to—

(1) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed under this subtitle;

(2) pledge any grant for which the issuer may become eligible under this title;

(3) demonstrate that the extent of such issuance and guarantee under this title is within the financial capacity of the tribe and is not likely to impairment the ability to use of grant amounts under subtitle A, taking into consideration the requirements under section 623(a); and

(4) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, including increments in local tax receipts generated by the activities assisted under this title or dispositions proceeds from the sale of land or rehabilitated property.

(b) REPAYMENT FROM GRANT AMOUNTS.—Notwithstanding any other provision of this title—

(1) the Secretary may apply grants pledged pursuant to subsection (a)(2) to any repayments due the United States as a result of such guarantees; and

(2) grants allocated under this title for an Indian tribe or housing entity (including program income derived therefrom) may be used to pay principal and interest due (including such servicing, underwriting, and other costs as may be specified in regulations issued by the Secretary) on notes or other obligations guaranteed pursuant to this subtitle.

(c) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all guarantees made under this subtitle. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

SEC. 673. PAYMENT OF INTEREST.

The Secretary may make, and contract to make, grants, in such amounts as may be approved in appropriations Acts, to or on behalf of an Indian tribe or housing entity issuing notes or other obligations guaranteed under this subtitle, to cover not to exceed 30 percent of the net interest cost (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) to the borrowing entity or agency of such obligations. The Secretary may also, to the extent approved in appropriation Acts, assist the issuer of a note or other obligation guaranteed under this subtitle in the payment of all or a portion of the principal and interest amount due under the note or other obligation, if the Secretary determines that the issuer is unable to pay the amount because of circumstances of extreme hardship beyond the control of the issuer.

SEC. 674. TREASURY BORROWING.

The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out the obligations of the Secretary under guarantees authorized by this subtitle. The obligations issued under this section shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Secretary issued under this section, and for such purposes may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31

of title 31, United States Code, and the purposes for which such securities may be issued under such chapter are extended to include the purchases of the Secretary's obligations hereunder.

SEC. 675. TRAINING AND INFORMATION.

The Secretary, in cooperation with eligible public entities, shall carry out training and information activities with respect to the guarantee program under this subtitle.

SEC. 676. LIMITATIONS ON AMOUNT OF GUARANTEES.

(a) AGGREGATE FISCAL YEAR LIMITATION.—Notwithstanding any other provision of law and subject only to the absence of qualified applicants or proposed activities and to the authority provided in this subtitle, to the extent approved or provided in appropriation Acts, the Secretary shall enter into commitments to guarantee notes and obligations under this subtitle with an aggregate principal amount of $400,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CREDIT SUBSIDY.—There is authorized to be appropriated to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees under this subtitle, $40,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

(c) AGGREGATE OUTSTANDING LIMITATION.—The total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to this subtitle shall not at any time exceed $2,000,000,000 or such higher amount as may be authorized to be appropriated for this subtitle for any fiscal year.

(d) FISCAL YEAR LIMITATIONS ON TRIBES.—The Secretary shall monitor the use of guarantees under this subtitle by Indian tribes. If the Secretary finds that 50 percent of the aggregate guarantee authority under subsection (c) has been committed, the Secretary may—

(1) impose limitations on the amount of guarantees any one Indian tribe may receive in any fiscal year of $50,000,000; or

(2) request the enactment of legislation increasing the aggregate limitation on guarantees under this subtitle.

SEC. 677. EFFECTIVE DATE.

This subtitle shall take effect upon the enactment of this title.

Subtitle G—Other Housing Assistance for Native Americans

SEC. 681. LOAN GUARANTEES FOR INDIAN HOUSING.

(a) DEFINITION OF ELIGIBLE BORROWERS TO INCLUDE INDIAN TRIBES.—Section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a) is amended—

(1) in subsection (a)—

(A) by striking ''and Indian housing authorities'' and inserting '', Indian housing authorities, and Indian tribes,''; and

(B) by striking ''or Indian housing authority'' and inserting '', Indian housing authority, or Indian tribe''; and

(2) in subsection (b)(1), by striking ''or Indian housing authorities'' and inserting '', Indian housing authorities, or Indian tribes''.

(b) NEED FOR LOAN GUARANTEE.—Section 184(a) of the Housing and Community Development Act of 1992 is amended by striking ''trust land'' and inserting ''lands or as a result of a lack of access to private financial markets''.

(c) LHP REQUIREMENT.—Section 184(b)(2) of the Housing and Community Development Act of 1992 is amended by inserting before the period at the end the following: ''that is under the jurisdiction of an Indian tribe for which a local housing plan has been submitted and approved pursuant to sections 612 and 613 of the Native American Housing Assistance and Self-Determination Act of 1996 that provides for the use of loan guarantees under this section to provide affordable homeownership housing in such areas''.

(d) LENDER OPTION TO OBTAIN PAYMENT UPON DEFAULT WITHOUT FORECLOSURE.—Section 184(h) of the Housing and Community Development Act of 1992 is amended—

(1) in paragraph (1)(A)—

(A) in the first sentence of clause (i), by striking ''in a court of competent jurisdiction''; and

(B) by striking clause (ii) and inserting the following new clause:

''(ii) NO FORECLOSURE.—Without seeking foreclosure (or in any case in which a foreclosure proceeding initiated under clause (i) continues for a period in excess of 1 year), the holder of the guarantee may submit to the Secretary a request to assign the obligation and security interest to the Secretary in return for payment of the claim under the guarantee. The Secretary may accept assignment of the loan if the Secretary determines that the assignment is in the best interests of the United States. Upon assignment, the Secretary shall pay to the holder of the guarantee the pro rata portion of the amount guaranteed (as determined under subsection (e)). The Secretary shall be subrogated to the rights of the holder of the guarantee and the holder shall assign the obligation and security to the Secretary.'';

(2) by striking paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

(e) LIMITATION OF MORTGAGEE AUTHORITY.—Section 184(h)(2) of the Housing and Community Development Act of 1992, as so redesignated by subsection (e)(3) of this section, is amended—

(1) in the first sentence, by striking ''tribal allotted or trust land,'' and inserting ''restricted Indian land, the mortgagee or''; and

(B) in the second sentence, by striking ''Secretary'' each place it appears, and inserting ''mortgagee or the Secretary''.

(f) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Housing and Community Development Act of 1992 is amended by striking ''1993'' and all that follows through ''such year'' and inserting ''1997, 1998, 1999, 2000, and 2001 with an aggregate outstanding principal amount note exceeding $400,000,000 for each such fiscal year''.

(g) AUTHORIZATION OF APPROPRIATIONS FOR GUARANTEE FUND.—Section 184(i)(7) of the Housing and Community Development Act of 1992 is amended by striking ''such sums'' and all that follows through ''1994'' and inserting ''$30,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001''.

(h) DEFINITIONS.—Section 184(k) of the Housing and Community Development Act of 1992 is amended—

(1) in paragraph (4), by inserting after ''authority'' the following: ''or Indian tribe'';

(2) in paragraph (5)—

(A) by striking subparagraph (A) and inserting the following new subparagraph:

''(A) is authorized to engage in or assist in the development or operation of—

''(i) low-income housing for Indians; or

''(ii) housing subject to the provisions of this section; and''; and

(B) by adding at the end the following:

''The term includes tribally designated housing entities under the Native American Housing Assistance and Self-Determination Act of 1996.''; and

(3) by striking paragraph (8) and inserting the following new paragraph:

''(8) The term 'tribe' or 'Indian tribe' means any Indian tribe, band, notation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975.

SEC. 682. 50-YEAR LEASEHOLD INTEREST IN TRUST OR RESTRICTED LANDS FOR HOUSING PURPOSES.

(a) AUTHORITY TO LEASE.—Notwithstanding any other provision of law, any restricted Indian lands, whether tribally or individually owned, may be leased by the Indian owners, with the approval of the Secretary of the Interior, for residential purposes.

(b) TERM.—Each lease pursuant to subsection (a) shall be for a term not exceeding 50 years.

(c) OTHER CONDITIONS.—Each lease pursuant to subsection (a) and each renewal of such a lease shall be made under such terms and regulations as may be prescribed by the Secretary of the Interior.

(d) RULE OF CONSTRUCTION.—This section may not be construed to repeal, limit, or affect any authority to lease any restricted Indian lands that—

(1) is conferred by or pursuant to any other provision of law; or

(2) provides for leases for any period exceeding 50 years.

SEC. 683. TRAINING AND TECHNICAL ASSISTANCE.

There is authorized to be appropriated for assistance for the a national organization representing Native American housing interests for providing training and technical assistance to Indian housing authorities and tribally designated housing entities $2,000,000, for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

SEC. 684. EFFECTIVE DATE.

This subtitle and the amendments made by this subtitle shall take effect upon the enactment of this title.

The CHAIRMAN. Pursuant to the order of the committee of Wednesday, May 8, 1996, the gentleman from Arizona [Mr. HAYWORTH] will be recognized for 10 minutes, and a Member opposed will be recognized for 10 minutes.

PARLIAMENTARY INQUIRY

Mr. YOUNG of Alaska. Mr. Chairman, I have a parliamentary inquiry.

The gentleman will state it.

Mr. YOUNG of Alaska. Mr. Chairman, I have a perfecting amendment to the amendment of the gentleman from Arizona. When would be the appropriate time to offer that amendment?

The CHAIRMAN. The Chair would like to recognize the gentleman from Arizona for his amendment, and at that point, under the unanimous-consent agreement of yesterday, the gentleman from Arizona has 10 minutes in support of his amendment that will be allocated in support and 10 minutes will be allocated in opposition.

At any time while the amendment of the gentleman from Arizona is pending, the gentleman from Alaska may offer a perfecting amendment.

Mr. YOUNG of Alaska. I thank the Chair.

Mr. VENTO. Mr. Chairman, I claim that time in opposition.

The CHAIRMAN. The gentleman from Minnesota [Mr. VENTO] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. Mr. Chairman, I yield myself 3 minutes and 45 seconds.

Mr. Chairman, I rise today to offer an amendment to H.R. 2406 which will provide the tools for native American tribes to meet their unique housing needs.

My amendment consists of the text of H.R. 3219, the Native American Housing Assistance and Self-Determination Act of 1996. This legislation was introduced by my colleague from New York, the chairman of the Housing Subcommittee. I cosponsor it along with Mr. BEREUTER of Nebraska, and Mr. JOHNSON of South Dakota. Months of consultation with tribes from across the country produced the legislation before us today.

The need for better housing on Indian reservations is clear. As Albert Hale, president of the Navajo Nation, testified before the Housing Subcommittee, over 56 percent of the Navajo people live in poverty. It is not uncommon to have Navajo families of as many as 12 people living in a two-room house. The Navajo tribal government has estimated that over 13,000 new homes are needed to alleviate severe overcrowding. But tribes, such as the Navajo Nation, need not just the resources, but the flexibility, to address the housing problems they face.

A more effective system of Indian housing should be based on several important principles. First, public housing programs modeled for urban America often do not work in Indian country. Second the Federal role in providing housing to native Americans should recognize the special trust relationship between the Federal Government and tribal governments. Finally, tribes and Indian housing authorities should have the flexibility and responsibility to address the housing needs in their communities.

The amendment I am offering reflects these principles. H.R. 3219 separates Indian housing from public housing, a move which tribes have been advocating for years. It creates a block grant which will go directly to tribes, not through the States. I believe this is an important part of recognizing the government-to-government relationship between tribes and the Federal Government. This block grant will also increase local control and allow much greater flexibility for each tribe to address its own housing needs, including building new homes, renovating existing homes, or increasing community development. Finally, H.R. 3219 takes steps to promote and facilitate homeownership and lending on reservations.

The National Congress of America Indians, which has 206 member tribes, supports these principles as articulate in H.R. 3219. The National American Indian Housing Council, which represents 187 Indian housing authorities, also supports the principles in this bill.

I know that there are still issues that various parties want to see addressed in this legislation, and I hope that the process will continue to be as open and inclusive a process as Chairman LAZIO has promoted so far. For instance, one of the tribes in my congressional district, the Salt River Pima-Maricopa Indian community, is a self-governance tribe. Although they believe that this bill provides an important opportunity to move toward self-sufficiency in housing, they would like to see an option for self-governance tribes to deliver housing services through a self-governance contract. I know that, as we move forward to conference, Chairman LAZIO will continue to make every effort to accommodate the needs and concerns of tribes. Likewise, we have reached a compromise on the Davis-Bacon issue, which will be addressed in an amendment offered momentarily by my colleagues from Alaska and Minnesota.

If this amendment is approved and H.R. 3219 is attached to H.R. 2406, none of the provisions of H.R. 2406 will apply to tribes and Indian housing will be established as separate from public housing, as I have said. However, it is extremely important to move the two bills concurrently. As my colleagues know, H.R. 2406 repeals the 1937 Housing Act. Without passage of H.R. 3219, native Americans could be left without a Federal housing program which would be devastating to tribes across the country.

I urge my colleagues to support this amendment, which will improve housing conditions for native Americans across the country.

Mr. Chairman, I reserve the balance of my time.

Mr. VENTO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to the amendment in its present form. Mr. Chairman, I have concerns about certainly the rush to act on this amendment. It makes sweeping changes to the native American housing policy. There has only been one hearing on this and five witnesses. In fact, the administration, who favors this amendment, did not testify on it, nor have they submitted testimony.

Mr. Chairman, I, myself, have long been an advocate of assisted housing in Indian country and have worked with many Members. Very often, Mr. Chairman, it is a very far limited market. It requires infrastructure changes. The pattern of ownership is complicated, as my colleagues on the Committee on Resources with whom I work are knowledgeable of the problem and challenge.

We did not have a markup on this bill. It does not have some of the needed policy changes that I think are necessary, such as the issue of State Housing Finance Agency role in terms of native American housing. Well crafted proposals and recommendations exist in that vein. Also this measure could include urban Indian housing as one of the outcomes, which is not in this amendment. Most native Americans in fact live in urban settings today.

So, Mr. Chairman, I am concerned about these shortcomings about some of the labor provisions within this amendment. I also am concerned that there are other amendments that may be offered without any warning to most the membership on this issue.

Mr. Chairman, I yield 2 minutes to the gentleman from Alaska [Mr. YOUNG], who is planning on offering an amendment at this time.

AMENDMENT OFFERED BY MR. YOUNG OF ALASKA TO AMENDMENT NO. 9 OFFERED BY MR. HAYWORTH

Mr. YOUNG of Alaska. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Alaska to Amendment No. 9 offered by Mr. HAYWORTH: Page 29 of the amendment, strike line 22, and all that follows through page 30, line 4, and insert the following new subsection:

(b)(1) IN GENERAL.—Any contract for the construction of affordable housing with 12 or more units assisted with grant amounts made available under this Act shall contain a provision requiring that no less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a–276a–5), shall be paid to all laborers and mechanics employed in the development of affordable housing involved, and recipients shall require certification as to the compliance with the provisions of this section prior to making any payment under such contract.

(2) EXCEPTIONS.—Subsection (a) shall not apply if the individual receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and such persons are not otherwise employed at any time in the construction work.

(3) WAIVER.—The Secretary may waive the provisions of this subsection.

Mr. YOUNG of Alaska (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alaska?

There was no objection.

Mr. YOUNG of Alaska. Mr. Chairman, first let me say I do support the amendment of the gentleman from Arizona [Mr. HAYWORTH]. The Indian housing problems in this Nation are severe. This is a good amendment and I will be supporting it.

Mr. Chairman, I'm offering an amendment to the amendment by Mr. HAYWORTH, to correct a problem relating to the application of the Davis-Bacon Act to construction of Indian housing.

As written, the amendment offered by the gentleman from Arizona contains language that would effectively prohibit application of the Davis-Bacon Act to construction of Indian housing. I think this is wrong. My amendment changes the language to ensure that the Davis-Bacon Act applies to the construction of 12 or more units of Indian housing.

My amendment will make the gentleman's amendment more consistent with current law, in which the Davis-Bacon Act applies to certain federally

subsidized construction contracts. I realize there is a larger debate concerning Davis-Bacon at issue. However, this is not the place to debate our views on Davis-Bacon, which I happen to support strongly.

Consideration of Davis-Bacon reform or repeal should be considered separately and on its own merits. It should not be modified or repealed in a piecemeal fashion through legislation like this.

I strongly support our effort to give more control and flexibility in operating affordable housing projects to Indians. However, this is not the place to address Davis-Bacon.

Mr. Chairman, I strongly support this amendment, and I stress again, the amendment offered by the gentleman from Arizona, if my amendment is adopted, is a good piece of legislation and I urge its passage.

Mr. VENTO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I appreciate the gentleman from Alaska offering this amendment. This is a major concern that I have had with this amendment in its present form. But with the amendment of the gentleman from Alaska on prevailing wage, it is one of the major outstanding questions concerning the Hayworth legislation as it exists. I appreciate the gentleman from Alaska offering this amendment, and I urge Members to support it.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. VENTO. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I would ask the gentleman from Alaska if this will continue to apply to publicly financed housing and not apply to private?

Mr. YOUNG of Alaska. Mr. Chairman, if the gentleman would yield, only to publicly financed housing.

Mr. BEREUTER. Mr. Chairman, I urge the passage of this legislation.

Mr. VENTO. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, as I said, I support the amendment that the gentleman from Alaska [Mr. YOUNG] is offering, which basically exempts funds provided under 12 units. The current Hayworth amendment did not do that. I think it may have been a technical problem, but its consequence is a major concern.

As I said, the Young amendment would provide prevailing wage, would not apply for 12 units or less, and would provide the opportunity for the Secretary to waive the provisions as provided by the Secretary under similar authority existing in the CDBG program policy allocated to Indian tribes.

Mr. Chairman, I have worked with those concerned with the request of the gentleman from Alaska, and I appreciate his initiative in bringing this amendment to the floor this afternoon.

It is my understanding that the gentleman from Arizona [Mr. HAYWORTH] is going to accept this amendment, and some of my concerns are addressed with it. So, I urge my colleagues' support for the Young amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. HAYWORTH. Mr. Chairman, inquiry. Do we address this amendment at this juncture?

The CHAIRMAN. The Chair would point out that we can address the amendment offered by the gentleman from Alaska at this point in the process, and we can reserve the balance of debate time on both sides once this amendment has been resolved. Or, we can wait until all the time has been utilized.

The question is on the amendment offered by the gentleman from Alaska [Mr. YOUNG] to the amendment offered by the gentleman from Arizona [Mr. HAYWORTH].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now before the House is the amendment offered by the gentleman from Arizona [Mr. HAYWORTH], as amended.

Mr. VENTO. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. BEREUTER].

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for yielding me time. I rise in strong support of the Hayworth amendment. It actually does incorporate the provisions of H.R. 3219. Secretary Cisneros was reported to have been told by the Navajo, the best thing he could do for housing was to support the Republican bill, H.R. 3219. Actually, it is a bipartisan bill and has been from the beginning.

AMENDMENT OFFERED BY MR. BEREUTER TO THE AMENDMENT OFFERED BY MR. HAYWORTH, AS AMENDED

Mr. BEREUTER. Mr. Chairman, I offer an amendment to the amendment, as amended.

The Clerk read as follows:

Amendment offered by Mr. BEREUTER to the amendment offered by Mr. HAYWORTH, as amended: Page 77 of the amendment, after line 19, insert the following new subsections:

(i) PRINCIPAL OBLIGATION AMOUNTS.—Section 184(b)(5)(C) of the Housing and Community Development Act of 1992 is amended by striking clause (i) and inserting the following new clause:

''(i) 97.75 percent of the appraised value of the property as of the date the loan is accepted for guarantee (or 98.75 percent if the value of the property is $50,000 or less); and''.

(j) AVAILABILITY OF AMOUNTS.—

(1) REQUIREMENT OF APPROPRIATIONS.—Section 184(i)(5) of the Housing and Community Development Act of 1992 is amended by striking subparagraph (A) and inserting the following new subparagraph:

''(A) REQUIREMENT OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section shall be effective for any fiscal year to the extent or in such amounts as are or have been provided in appropriations Acts, without regard to the fiscal year for which such amounts were appropriated.''.

(2) COSTS.—Section 184(i)(5)(B) of the Housing and Community Development Act of 1992 is amended by adding at the end the following new sentence: ''Any amounts appropriated pursuant to this subparagraph shall remain available until expended.''.

(k) GNMA AUTHORITY.—The first sentence of section 306(g)(1) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)(1)) is amended by inserting before the period at the end the following: ''; or guaranteed under section 184 of the Housing and Community Development Act of 1992''.

Mr. BEREUTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment, as amended, be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BEREUTER. Mr. Chairman, this amendment has three rather simple but important provisions which make improvements in the section 184 Indian Housing Loan Guarantee Program, first enacted in 1992. The amendment authorizes funds appropriate to remain available until the next fiscal year or until expended, raises the maximum loan level to the same as FHA single-family loans, and provided that Ginnie Mae may purchase loans under the program.

Mr. Chairman, I move for its adoption.

Mr. Chairman, this Member's amendment, which has been drafted in cooperation with the administration, makes three very simple but important improvements to the Section 184 Indian Housing Loan Guarantee Program, first authorized through the Housing and Community Development Act of 1992. This loan program, administered by the Department of Housing and Urban Developments Office of Native American Programs, has proven to be a highly popular and effective way to bring private market participation to meet the housing needs in Indian country.

The current loan guarantee program allows Indians and Indian Housing Authorities [IHAs] access to private financing that otherwise would not be available to them because of the unique legal status of Indian trust land. The Indian Housing Loan Guarantee Fund is used to guarantee loans made to Indian families and IHAs for the construction, acquisition, and rehabilitation of 1–4 family dwellings. This must be standard housing and must be located on trust land or land located in an Indian or Alaskan native area.

HUD works with tribes, lenders, and the Bureau of Indian Affairs to administer the loan program. HUD issues prequalification commitments based on information received from the lender. The lender completes property underwriting, and then submits the loan to HUD for firm commitment. After the commitment is issued, the loan is closed and serviced by the lender.

This Member's amendment makes three simple changes to the current program. And this Member should note at this point that these changes were suggested and are supported by HUD. First, the maximum loan amount is raised to bring it in line with the widely-used FHA single-family loan program. Specifically, for loans with appraised values of $50,000 or less, the maximum loan amount will be 98.75 percent of the appraised value. For loan on properties valued above $50,000,

the loan may be 97.75 percent of the appraised value.

The second change made by this amendment is simple yet very important. Because the construction process often does not conform to the congressional budget cycle, this amendment authorizes funds appropriated to remain available until expended.

The final change made by this Member's amendment is an expansion of the authority of the Government National Mortgage Association, also known as Ginnie Mae, to purchase loans guaranteed under this program. Without this expansion, Ginnie Mae is not authorized to participate in Indian country. I would like to note that the Nations largest housing secondary market, Fannie Mae, has been instrumental in the programs early successes. However, now is not the time to limit the sources of capital for participating lenders. Rather, by adding Ginnie Mae as an additional source of funds, this amendment would expand the capital available in Indian country.

Mr. Chairman, this Member urges his colleagues to vote for this amendment, and for H.R. 2406.

Mr. VENTO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I appreciate the amendment of the gentleman from Nebraska. It is a good amendment in terms of providing the Ginnie Mae authority and the increased loans authority and availability. I think this is exactly the type of help in terms of real financing improvement and innovation that is necessary. I commend the gentleman from Nebraska [Mr. BEREUTER], an advocate throughout his career in Congress regarding Indian housing, and native American policy, and I support this measure.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. BEREUTER] to the amendment offered by the gentleman from Arizona [Mr. HAYWORTH], as amended.

The amendment to the amendment, as amended, was agreed to.

Mr. VENTO. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, under this procedure it is rather awkward that one must be in opposition. Obviously, I did not mean to surprise my colleague from Arizona, but it was necessary in fact to use the time, and in the present form, when the amendment was initially offered, I did not support it.

Mr. Chairman, I appropriately recognize the amendments and changes made have improved this amendment. I suggest to my colleagues who are interested in Native American housing the severe problems we have in this area. I hope this block grant approach accomplishes the noble objectives that are expressed. I have my doubts considering the infrastructure and other threshold issues that we face, but look forward to working to see the positive goals become a reality.

We have a significant Native American population in the State that I represent. I would like nothing better than to see them get better housing. Some of the worst housing we have in this Nation is occupied by Native Americans, and the commensurate problems that occur with it greatly concern me as it relates to our direct and joint responsibilities, the Secretary of HUD, the Bureau of Indian Affairs and, of course, this Congress.

With that said, Mr. Chairman, I will now support the amendment.

Mr. Chairman, I yield back the balance of my time.

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Mr. HAYWORTH. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. BEREUTER].

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. Mr. Chairman, I rise in support of the Bereuter amendment to the Hayworth amendment.

Mr. Chairman, this Member rises in strong support of the Hayworth amendment. This amendment incorporates the text of H.R. 3219, the Native American Housing Assistance Self-Determination Act of 1996. This Member, along with his colleagues from Arizona, Mr. HAYWORTH, the chairman of the subcommittee, Mr. LAZIO, and his colleague from the other side of the aisle, Mr. JOHNSON of South Dakota, introduced H.R. 3219. I say, perhaps immediately, but eventually, I believe that this bill and Mr. HAYWORTH's amendment is the most important and beneficial Indian housing initiative ever offered.

The concepts contained in this amendment are widely supported by Indian groups, including the National American Indian Housing Council. This revolutionary measure for the first time decouples predominantly rural Indian housing from the laws which were designed to govern urban public housing.

Additionally, the Hayworth amendment creates flexible block grants to tribes or their tribally designated housing entity, recognizes and supports the unique government-to-government relationship between Indian tribes and the U.S. Government and restates the value of having local control by giving the tribes greater flexibility in providing housing, creates a consolidated native American housing grant—HUD's Office of Native American Programs will be dedicated to helping Indian communities meet their housing needs, with a common goal of achieving economic self-sufficiency. HUD will enforce strict accountability standards, and involves private capital markets and private lenders in improving economic conditions by removing the legal barriers which have kept private investors from participating in Indian country. Specifically, the amendment replaces the 20-year leaseholds under current law with a 40-year lease.

Unfortunately, this Member understands this important amendment has been placed in jeopardy by the dubious opposition of big labor. The measure strives to keep the costs, including labor costs, of providing housing at its lowest possible level in order to provide maximum impact for very limited funds. In a lobbying effort as late as last night, big labor has equated a vote for housing Americas most underserved citizens as a vote against big labor. Not concerned with what is good for America, big labor has threatened to kill a measure which prohibits inflated contract costs associated with the prevailing wages required by the Davis-Bacon Act. With homelessness in Indian country at embarrassingly high rates, we can ill-afford to waste a penny on such questionable mandates as Davis-Bacon.

Although this Member strongly believes the prohibition against applying Davis-Bacon to Indian housing should stay in the amendment, this Member will not block a move to strike the language because the urgent need to provide safe and adequate housing to Indians outweighs this Member's opposition to Davis-Bacon.

Mr. Chairman, this Member again strongly urges his colleagues to support Native Americans and vote in favor of the Hayworth amendment.

Mr. HAYWORTH. Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma [Mr. COBURN].

(Mr. COBURN asked and was given permission to revise and extend his remarks.)

Mr. COBURN. Mr. Chairman, as a representative of 14 tribes from the Second District of Oklahoma, I rise in support of the Hayworth amendment.

I would first like to thank Chairman LAZIO and Congressman HAYWORTH for their tremendous effort and dedication in putting together the Native American Housing Assistance and Self-Determination Act of 1996. I rise in support of this legislation in large part because the second largest Native American tribe in the United States, the Cherokee, reside in my district respectively. The 14 tribes which I represent in Congress strongly support this landmark Indian housing reform bill.

The Cherokee Nation of Oklahoma has a tribal membership which currently numbers 170,000. Despite the large tribal size, the number of Indian housing units is ridiculously low. The Housing authority of the Cherokee Nation manages some 4,300 housing units under the Low Rent, Section 8 and Mutual Help Homeownership Opportunity Program administered by the U.S. Department of Housing and Development. But the tribe's need for housing is much, much greater.

The Cherokee Nations Housing Authority budget has grown from $8 million to $30 million and its work force has increased from 65 to 250 employees. This growth is due, in part, to the Housing Authority's ability to leverage Federal dollars, to the extent HUD's program constraints allow. Still, most Cherokee tribal members live in crowded Indian housing units in conditions considerably more severe than those of the non-Indian populations.

Mr. Chairman, Tribes and Indian Housing Authorities like those of the Cherokee Nation are prime examples of what is achievable in Indian management working with scarce resources. They have successfully leveraged Federal programs available for housing and other assistance to Native Americans with whatever other outside financing they can identify.

Mr. HAYWORTH'S amendment will advance this progress substantially by separating from public housing programs the Indian housing programs and moving toward deregulation of those Indian housing programs. Tribes and their housing authorities will be better able to leverage Federal dollars with private financing to construct new housing and renovate existing units in Indian country.

The most important feature of this bill is the procedure of block granting the federal funds

for Indian housing programs. The block grant approach is fully consistent with the concept of Indian self-determination and self-governance.

Mr. Chairman, I urge my colleagues to join me in supporting Mr. HAYWORTH'S amendment, and adopting it as part of H.R. 2406.

Mr. HAYWORTH. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. WATTS], a gentleman I would have loved to block for on the gridiron.

(Mr. WATTS of Oklahoma asked and was given permission to revise and extend his remarks.)

Mr. WATTS of Oklahoma. Mr. Chairman, I rise to urge my colleagues to vote for the amendment offered by the gentleman from Arizona [Mr. HAYWORTH] to add a new title called the Native American Housing Assistance and Self-Determination Act of 1996. The amendment helps to leverage private sector capital to the Indian housing market where it is much needed. The amendment provides loan guarantees for affordable housing activities, thus providing for greater involvement of the financial community.

Substantially similar to the popular section 108 loan guarantee program for community development block grants, this bill allows Indian housing authorities to borrow or issue debt equal to up to 5 years worth of allocation under the housing grants formula to be paid back over not more than 20 years with the full faith and credit of the United States. The Hayworth amendment helps the tribes move to a place where they are able to better self-govern.

Block grants to tribal governments and tribal housing authorities is a step in the right direction. It allows tribes to determine what their local tribal housing needs are and how they should be met.

In closing, I would like to commend and thank the gentleman from New York [Mr. LAZIO], the chairman, and the gentleman from Arizona [Mr. HAYWORTH], and their fine staff for the hard work on the Native American Housing Assistance and Self-Determination Act of 1996. I urge my colleagues to join me in voting to adopt this innovative proposal.

Mr. HAYWORTH. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. LAZIO], distinguished chairman of our Subcommittee on Housing and Community Development.

Mr. LAZIO of New York. Mr. Chairman, this is an important, it is not just important substantively but it is important in terms of process. For the first time, native Americans had input, had the ability to influence the process to reflect the values and the concerns that they had back in Indian country.

When we had a hearing, and we have had several different meetings with leaders, including housing specialists from the Indian country, we invited people from Indian country and we invited native Americans in to hear their story, to understand what the concerns are, to understand how further progress was being blocked by a structure that was now clearly obsolete and out of date. This is an effort to move us forward.

Mr. Chairman, it gives native Americans many of the same tools that have been so dramatic in terms of helping our Nation's communities. Most importantly the loan guarantee program that will allow, in some of the most rural areas of our Nation, where some of the worst housing conditions in our entire Nation are, the ability to leverage money and to have larger developments that are cost-effective and bring more hope and more opportunity to native Americans. I am very proud of this effort, and I ask for its support.

Mr. HAYWORTH. Mr. Chairman, I yield myself 30 seconds, simply to say that I echo the comments of the chairman of the subcommittee. I thank him for his efforts.

I thank my colleague from Minnesota for pointing out some legitimate policy differences. But make no mistake, this is historic legislation which empowers the first Americans with what should be the right of first Americans. That is the right to find the dwelling of their choice and to empower them to be meaningful members not only of their own communities but of this Nation at large.

I urge adoption of this amendment as it has been amended.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is the amendment offered by the gentleman from Arizona [Mr. HAYWORTH], as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN. Are there other amendments to the bill?

AMENDMENT NO. 22 OFFERED BY MR. ROEMER

Mr. ROEMER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 22 offered by Mr. ROEMER:

H.R. 2406

At the end of the bill, insert the following new title:

TITLE VI—NATIONAL MANUFACTURED HOUSING CONSTRUCTION AND SAFETY STANDARDS CONSENSUS COMMITTEE

SEC. 601. SHORT TITLE; REFERENCE.

(a) SHORT TITLE.—This title may be cited as the ''National Manufactured Housing Construction and Safety Standards Act of 1996''.

(b) REFERENCE.—Whenever in this title an amendment 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 that section or other provision of the Housing and Community Development Act of 1974.

SEC. 602. STATEMENT OF PURPOSE.

Section 602 (42 U.S.C. 5401) is amended by striking the first sentence and inserting the following: ''The Congress declares that the purposes of this title are to reduce the number of personal injuries and deaths and property damage resulting from manufactured home accidents and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes.''.

SEC. 603. DEFINITIONS.

(a) IN GENERAL.—Section 603 (42 U.S.C. 5402) is amended—

(1) in paragraph (2), by striking ''dealer'' and inserting ''retailer'';

(2) in paragraph (12), by striking ''and'' at the end;

(3) in paragraph (13), by striking the period at the end and inserting a semicolon; and

(4) by adding at the end the following new paragraphs:

''(14) 'consensus committee' means the committee established under section 604(a)(7); and

''(15) 'consensus standards development process' means the process by which additions and revisions to the Federal manufactured home construction and safety standards shall be developed and recommended to the Secretary by the consensus committee.''.

(b) CONFORMING AMENDMENTS.—

(1) OCCURRENCES OF ''DEALER''.—The Act (42 U.S.C. 5401 et seq.) is amended by striking ''dealer'' and inserting ''retailer'' in each of the following provisions:

(A) In section 613, each place such term appears.

(B) In section 614(f), each place such term appears.

(C) In section 615(b)(1).

(D) In section 616.

(2) OTHER AMENDMENTS.—The Act (42 U.S.C. 5401 et seq.) is amended—

(A) in section 615(b)(3), by striking ''dealer or dealers'' and inserting ''retailer or retailers''; and

(B) by striking ''dealers'' and inserting ''retailers'' each place such term appears—

(i) in section 615(d);

(ii) in section 615(f); and

(iii) in section 623(c)(9).

SEC. 604. FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS.

Section 604 (42 U.S.C. 5403) is amended—

(1) by striking subsections (a) and (b) and inserting the following new subsections:

''(a) ESTABLISHMENT.—

''(1) AUTHORITY.—The Secretary shall establish, by order, appropriate Federal manufactured home construction and safety standards. Each such Federal manufactured home standard shall be reasonable and shall meet the highest standards of protection, taking into account existing State and local laws relating to manufactured home safety and construction. The Secretary shall issue all such orders pursuant to the consensus standards development process under this subsection. The Secretary may issue orders which are not part of the consensus standards development process only in accordance with subsection (b).

''(2) CONSENSUS STANDARDS DEVELOPMENT PROCESS.—Not later than 180 days after the date of enactment of the National Manufactured Housing Construction and Safety Standards Act of 1996, the Secretary shall enter into a cooperative agreement or establish a relationship with a qualified technical or building code organization to administer the consensus standards development process and establish a consensus committee under paragraph (7). Periodically, the Secretary shall review such organization's performance and may replace the organization upon a finding of need.

''(3) REVISIONS.—The consensus committee established under paragraph (7) shall consider revisions to the Federal manufactured home construction and safety standards and shall submit revised standards to the Secretary at least once during every 2-year period, the first such 2-year period beginning

upon the appointment of the consensus committee under paragraph (7). Before submitting proposed revised standards to the Secretary, the consensus committee shall cause the proposed revised standards to be published in the Federal Register, together with a description of the consensus committee's considerations and decisions under subsection (e), and shall provide an opportunity for public comment. Public views and objections shall be presented to the consensus committee in accordance with American National Standards Institute procedures. After such notice and opportunity public comment, the consensus committee shall cause the recommended revisions to the standards and notice of its submission to the Secretary to be published in the Federal Register. Such notice shall describe the circumstances under which the proposed revised standards could become effective.

''(4) REVIEW BY SECRETARY.—The Secretary shall either adopt, modify, or reject the standards submitted by the consensus committee. A final order adopting the standards shall be issued by the Secretary not later than 12 months after the date the standards are submitted to the Secretary by the consensus committee, and shall be published in the Federal Register and become effective pursuant to subsection (c). If the Secretary—

''(A) adopts the standards recommended by the consensus committee, the Secretary may issue a final order directly without further rulemaking;

''(B) determines that any portion of the standards should be rejected because it would jeopardize health or safety or is inconsistent with the purposes of this title, a notice to that effect, together with this reason for rejecting the proposed standard, shall be published in the Federal Register no later than 12 months after the date the standards are submitted to the Secretary by the consensus committee;

''(C) determines that any portion of the standard should be modified because it would jeopardize health or safety or is inconsistent with the purposes of this title—

''(i) such determination shall be made no later that 12 months after the date the standards are submitted to the Secretary by the consensus committee;

''(ii) within such 12-month period, the Secretary shall cause the proposed modified standard to be published in the Federal Register, together with an explanation of the reason for the Secretary's determination that the consensus committee recommendation needs to be modified, and shall provide an opportunity for public comment in accordance with the provisions of section 553 of title 5, United States Code; and

''(iii) the final standard shall become effective pursuant to subsection (c).

''(5) FAILURE TO ACT.—If the Secretary fails to take final action under paragraph (4) and publish notice of the action in the Federal Register within the 12-month period under such paragraph, the recommendations of the consensus committee shall be considered to have been adopted by the Secretary and shall take effect upon the expiration of the 180-day period that begins upon the conclusion of the 12-month period. Within 10 days after the expiration of the 12-month period, the Secretary shall cause to be published in the Federal Register notice of the Secretary's failure to act, the revised standards, and the effective date of the revised standards. Such notice shall be deemed an order of the Secretary approving the revised standards proposed by the consensus committee.

''(6) INTERPRETIVE BULLETINS.—The Secretary may issue interpretive bulletins to clarify the meaning of any Federal manufactured home construction and safety standards, subject to the following requirements:

''(A) REVIEW BY CONSENSUS COMMITTEE.—Before issuing an interpretive bulletin, the Secretary shall submit the proposed bulletin to the consensus committee and the consensus committee shall have 90 days to provide written comments thereon to the Secretary. If the consensus committee fails to act or if the Secretary rejects any significant views recommended by the consensus committee, the Secretary shall explain in writing to the consensus committee, before the bulletin becomes effective, the reasons for such rejection.

''(B) PROPOSALS.—The consensus committee may, from time to time, submit to the Secretary proposals for interpretive bulletins under this subsection. If the Secretary fails to issue or rejects a proposed bulletin within 90 days of its receipt, the Secretary shall be considered to have approved the proposed bulletin and shall immediately issue the bulletin.

''(C) EFFECT.—Interpretative bulletins issued under this paragraph shall become binding without rulemaking.

''(7) CONSENSUS COMMITTEE.—

''(A) PURPOSE.—The consensus committee referred to in paragraph (2) shall have as its purpose providing periodic recommendations to the Secretary to revise and interpret the Federal manufactured home construction and safety standards and carrying out such other functions assigned to the committee under this title. The committee shall be organized and carry out its business in a manner that guarantees a fair opportunity for the expression and consideration of various positions.

''(B) MEMBERSHIP.—The consensus committee shall be composed of 25 members who shall be appointed as follows:

''(i) APPOINTMENT BY PROCESS ADMINISTRATOR.—Members shall be appointed by the qualified technical or building code organization that administers the consensus standards development process pursuant to paragraph (2), subject to the approval of the Secretary.

''(ii) BALANCED MEMBERSHIP.—Members shall be appointed in a manner designed to include all interested parties without domination by any single interest category.

''(iii) SELECTION PROCEDURES AND REQUIREMENTS.—Members shall be appointed in accordance with selection procedures for consensus committees promulgated by the American National Standards Institute, except that the American National Standards Institute interest categories shall be modified to ensure representation on the committee by individuals representing the following fields, in equal numbers under each of the following subclauses:

''(I) Manufacturers.

''(II) Retailers, insurers, suppliers, lenders, community owners and private inspection agencies which have a financial interest in the industry.

''(III) Homeowners and consumer representatives.

''(IV) Public officials, such as those from State or local building code enforcement and inspection agencies.

''(V) General interest, including academicians, researchers, architects, engineers, private inspection agencies, and others.

Members of the consensus committee shall be qualified by background and experience to participate in the work of the committee, but members by reason of subclauses (III), (IV), and (V), except the private inspection agencies, may not have a financial interest in the manufactured home industry, unless such bar to participation is waived by the Secretary. The number of members by reason of subclause (V) who represent private inspection agencies may not constitute more than 20 percent of the total number of members by reason of subclause (V). Notwithstanding any other provision of this paragraph, the Secretary shall appoint a member of the consensus committee, who shall not have voting privileges.

''(C) MEETINGS.—The consensus committee shall cause advance notice of all meetings to be published in the Federal Register and all meetings of the committee shall be open to the public.

''(D) AUTHORITY.—Sections 203, 205, 207, and 208 of title 18, United States Code, shall not apply to the members of the consensus committee. Members shall not be considered to be special government employees for purposes of part 2634 of title 5, Code of Federal Regulations. The consensus committee shall not be considered an advisory committee for purposes of the Federal Advisory Committee Act.

''(E) ADMINISTRATION.—The consensus committee and the administering organization shall operate in conformance with American National Standards Institute procedures for the development and coordination of American National Standards and shall apply to such Institute to obtain accreditation.

''(F) STAFF.—The consensus committee shall be provided reasonable staff resources by the administering organization. Upon a showing of need and subject to the approval of the Secretary, the administering organization shall furnish technical support to any of the various interest categories on the consensus committee.

''(b) OTHER ORDERS.—The Secretary may issue orders that are not developed under the procedures set forth in subsection (a) in order to respond to an emergency health or safety issue, or to address issues on which the Secretary determines the consensus committee will not make timely recommendations, but only if the proposed order is first submitted by the Secretary to the consensus committee for review and the committee is afforded 90 days to provide its views on the proposed order to the Secretary. If the consensus committee fails to act within such period or if the Secretary rejects any significant change recommended by the consensus committee, the public notice of the order shall include an explanation of the reasons for the Secretary's action. The Secretary may issue such orders only in accordance with the provisions of section 553 of title 5, United States Code.'';

(2) by striking subsection (e);

(3) in subsection (f), by striking the matter preceding paragraph (1) and inserting the following:

''(e) CONSIDERATIONS IN ESTABLISHING AND INTERPRETING STANDARDS.—The consensus committee, in recommending standards and interpretations, and the Secretary, in establishing standards or issuing interpretations under this section, shall—'';

(4) by striking subsection (g);

(5) in the first sentence of subsection (j), by striking ''subsection (f)'' and inserting ''subsection (e)''; and

(6) by redesignating subsections (h), (i), and (j) as subsections (f), (g), and (h), respectively.

SEC. 605. ABOLISHMENT OF NATIONAL MANUFACTURED HOME ADVISORY COUNCIL.

Section 605 (42 U.S.C. 5404) is hereby repealed.

SEC. 606. PUBLIC INFORMATION.

Section 607 (42 U.S.C. 5406) is amended—

(1) in subsection (a)—

(A) by inserting ''to the Secretary'' after ''submit''; and

(B) by adding at the end the following new sentence: ''Such cost and other information shall be submitted to the consensus committee by the Secretary for its evaluation.'';

(2) in subsection (d), by inserting '', the consensus committee,'' after ''public,''; and

(3) by striking subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 607. INSPECTION FEES.

Section 620 (42 U.S.C. 5419) is amended to read as follows:

''SEC. 620. (a) AUTHORITY TO ESTABLISH FEES.—In carrying out the inspections required under this title and in developing standards pursuant to section 604, the Secretary may establish and impose on manufactured home manufacturers, distributors, and retailers such reasonable fees as may be necessary to offset the expenses incurred by the Secretary in conducting such inspections and administering the consensus standards development process and for developing standards pursuant to section 604(b), and the Secretary may use any fees so collected to pay expenses incurred in connection therewith. Such fees shall only be modified pursuant to rulemaking in accordance with the provisions of section 553 of title 5, United States Code.

''(b) DEPOSIT OF FEES.—Fees collected pursuant to this title shall be deposited in a fund, which is hereby established in the Treasury for deposit of such fees. Amounts in the fund are hereby available for use by the Secretary pursuant to subsection (a). The use of these fees by the Secretary shall not be subject to general or specific limitations on appropriated funds unless use of these fees is specifically addressed in any future appropriations legislation. The Secretary shall provide an annual report to Congress indicating expenditures under this section. The Secretary shall also make available to the public, in accordance with all applicable disclosure laws, regulations, orders, and directives, information pertaining to such funds, including information pertaining to amounts collected, amounts disbursed, and the fund balance.''.

SEC. 608. ELIMINATION OF ANNUAL REPORT REQUIREMENT.

Section 626 (42 U.S.C. 5425) is hereby repealed.

SEC. 609. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of enactment of this Act, except that the amendments shall have no effect on any order or interpretative bulletin that is published as a proposed rule pursuant to the provisions of section 553 of title 5, United States Code, on or before that date.

The CHAIRMAN. Pursuant to the agreement of May 8, the gentleman from Indiana [Mr. ROEMER] will be recognized for 10 minutes in support of his amendment, and a Member in opposition will be recognized for 10 minutes.

The Chair recognizes the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Chairman, I yield myself such time as I may consume.

I offer this bipartisan amendment on behalf of myself, the gentleman from California [Mr. ROYCE], the gentleman from Texas [Mr. GONZALEZ], the gentleman from California [Mr. CALVERT], the gentleman from Minnesota [Mr. VENTO], and the gentleman from Florida [Mr. MCCOLLUM].

Mr. Chairman, nothing is more important to our American society, to our citizens, our consumers and our businesses than addressing the excessive cost of regulation. Nowhere is it more true and more accurate than its impact and its negative impact on the manufactured housing industry. Along those lines, 4½ months ago we sat down with Secretary Cisneros, with consumer groups, with Democrats and Republicans, and we started working out a way by which we can cut back on the cost to the manufactured housing industry of promulgating even simple new changes to regulatory laws and standards.

We came up with a very delicate balance here, this bipartisan bill. This bill will make it much easier to promulgate these regulations and standards because the consumers are at the table, the businesses are at the table, and it is not just Federal mandates coming out of HUD.

This is commonsense legislation whereby some people have always said regulations are the answer. Now, more and more in the last year we have heard no regulations should be out there. We are saying, let us come up with a third alternative, a new idea and bring Democrats and Republicans together.

Here is what AARP is saying, because so many senior citizens live in this affordable, quality housing and manufactured homes: I am writing to express the strong support of the American Association of Retired Persons for the Royce-Roemer amendment, which would establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes.

We have reached this balance with Secretary Cisneros and HUD and Democrats and Republicans, consumer groups, AARP, we have this delicate balance now. We would hope that this amendment would be passed, that we could get this onto this bill. We have indications that this will be supported in the Senate and by the President.

If, however, amendments are attached to this bill where we have not had hearings, where there is currently litigation and there are currently different issues before the courts, where there has been no input, no input into the very delicate and technical dialog that we have had with these groups over the last 4½ months, then we probably get nothing. We probably do not get this consensus committee. We probably do not get the ability to save the consumer and the businesses the money. We probably do not get this new idea.

I would urge my colleagues to vote for the Roemer amendment, the Royce amendment, the Calvert amendment, the Gonzalez and Vento amendment and in the bipartisan fashion that we should be working together around here and to strongly reject any kinds of attempts to write legislation at the last minute on the floor without hearings and to support this in the sense of this is not going to cost the taxpayer one nickel. All of the money that puts forward this consensus committee comes from the industry.

I am very happy to propose this amendment on behalf of the gentleman from California [Mr. ROYCE] and myself.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Does any Member seek to control the time in opposition to the amendment?

Mr. LAZIO of New York. Mr. Chairman, I do.

The CHAIRMAN. The gentleman from New York [Mr. LAZIO] is recognized for 10 minutes.

Mr. LAZIO of New York. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Indiana [Mr. MCINTOSH], and I ask unanimous consent that he be permitted to control the time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MCINTOSH. Mr. Chairman, I yield myself 5 minutes.

(Mr. MCINTOSH asked and was given permission to revise and extend his remarks.)

Mr. MCINTOSH. Mr. Chairman, this body recognized many years ago that manufactured homes fulfill a vital need in the American housing market. Manufactured homes always have been unique. They offer Americans an option to buy affordable housing. Manufactured homes make homeowners of hundreds of thousands of Americans who might otherwise be forced to rely on public assistance and forgo one of the basic elements of the American dream, a home of their own.

Now, in order to ensure both the safety and affordability of manufactured homes, Congress, in 1974, adopted the National Manufactured Home Construction Safety Standards Act. HUD has issued many standards but delivered very little in terms of consumer benefit under this act. It has imposed costs that in many ways have made manufactured housing unaffordable for those who could most benefit from this industry.

So today I rise in opposition to my colleague from Indiana's amendment.

AMENDMENT OFFERED BY MR. MCINTOSH AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. ROEMER

Mr. MCINTOSH. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MCINTOSH as a substitute for the amendment offered by Mr. ROEMER:

At the end of the bill, insert the following new title:

TITLE VI—MANUFACTURED HOUSING CONSTRUCTION AND SAFETY STANDARDS CONSENSUS COMMITTEE

SEC. 601. REFERENCE.

Whenever in this title an amendment 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 that section or other provision of the Housing and Community Development Act of 1974.

SEC. 602. DEFINITIONS.

Section 603 (42 U.S.C. 5402) is amended—

(1) by striking paragraph (7) and inserting the following new paragraph:

''(7) 'Federal manufactured home construction and safety standard' means a reasonable performance standard for the construction, design, and transportation of a manufactured home which meets the needs of the public including the need for affordability, quality, durability, and safety;'';

(2) in paragraph (12), by striking ''and'' at the end;

(3) in paragraph (13), by striking the period at the end and inserting a semicolon; and

(4) by adding at the end thereof the following new paragraphs:

''(14) 'consensus committee' means the body established to provide periodic recommendations to the Secretary pursuant to the provisions of section 604;

''(15) 'consensus process' means the process by which the consensus committee, established pursuant to section 604, recommends to the Secretary any additions, revocations, and/or amendments to the Federal manufactured home construction and safety standards and any related interpretations;

''(16) 'transportation' means the movement of a manufactured home or manufactured home components from the manufacturing facility to a retailer's place of business or a location selected by the purchaser, and the movement of a manufactured home or manufactured home components from the retailers's place of business to a site selected by the home purchaser, where applicable; and

''(17) 'Secretariat' means the qualified technical or building code maintenance organization selected by the Secretary to administer the consensus process, and to appoint the members of the consensus committee established under section 604.''.

SEC. 603. FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS.

(a) IN GENERAL.—Section 604 (42 U.S.C. 5403) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

''(a) ESTABLISHMENT.—

''(1) AUTHORITY OF SECRETARY.—The Secretary shall establish, by order, appropriate Federal manufactured home design, construction, transportation, and safety performance standards that shall be reasonable, practicable, objectively stated, and reflective of current developments in building standards and technology. The Secretary shall issue such orders pursuant to the consensus process described in this section.

''(2) ESTABLISHMENT OF CONSENSUS COMMITTEE AND PROCEDURES.—Not later than 180 days after the date of the enactment of the United States Housing Act of 1996, the Secretary, in accordance with all relevant statutes, regulations, orders, and directives pertaining to competitively bid procurement, shall enter into a contract with a qualified technical or building code organization to administer a consensus process as its secretariat and to establish a manufactured housing consensus committee and appoint the members of that committee. The performance of such secretariat shall be reviewed by the Secretary on a periodic basis. The consensus committee shall be exempt from the requirements of the Federal Advisory Committee Act. All meetings shall be open to the public, and advance notice of such meetings shall be provided in the Federal Register. Any final action by the consensus committee shall be taken only after notice to the public and opportunity for public comment in accordance with the provisions of section 553 and subchapter II of chapter 5 of title 5, United States Code.

''(3) SELECTION AND QUALIFICATIONS.—The consensus committee shall function, and its members shall be selected, in accordance with the procedures for consensus committees promulgated by the American National Standards Institute. Members of the consensus committee shall be qualified to participate in the work of the committee. The consensus committee and the secretariat organization shall be certified by the American National Standards Institute and shall be provided reasonable staff resources by the administering organization.

''(4) RESPONSIBILITIES.—The consensus committee established under this subsection shall be responsible for the maintenance and revision of the Federal manufactured home construction and safety standards, including the interpretation of such standards.

''(5) REVISIONS TO STANDARDS.—The consensus committee shall consider additions, deletion, and amendments to the Federal manufactured home construction and safety standards, as needed, over a 2-year cycle. The consensus committee, after notice and an opportunity for public comment, shall publish any proposed standards or revisions and notice of their submission to the Secretary, in the Federal Register. This notice shall describe the circumstances under which the proposed standards could become effective.

''(6) SECRETARY'S RESPONSE.—The Secretary may either adopt or reject the standards submitted by the consensus committee. A final order adopting such a standard, or rejecting such a standard, shall be issued by the Secretary no later than 180 days after the date the proposed standard or regulation is submitted to the Secretary by the consensus committee, and shall be published in the Federal Register. In the event that the Secretary rejects, in whole or in part, such a standard, such publication shall be preceded by publication of the proposed standard and the Secretary's proposed final order for public comment in accordance with section 553 and subchapter II of chapter 5 of title 5, United States Code.

''(7) FAILURE TO TAKE ACTION.—If the Secretary fails to take final action under paragraph (6) and publish notice of the action in the Federal Register within the required 180-day period, the recommendations of the consensus committee shall take effect 60 days after the 180-day period. Within 10 days after the expiration of the 180-day period, the consensus committee shall publish in the Federal Register notice of the Secretary's failure to act, the revised standards, and the effective date of the revised standards.

''(8) INTERIM EMERGENCY STANDARDS.—The Secretary shall have the authority at any time to request that the consensus committee develop interim emergency performance standards or amendments to the standards, when necessary to respond to a health or safety emergency, as determined by the Secretary in writing. The consensus committee shall have 60 days to submit such proposed interim standards or amendments following a request by the Secretary.

''(9) WRITTEN INTERPRETATIONS.—Upon request from an interested party and after a finding that such an interpretation is reasonably necessary, the consensus committee shall submit to the Secretary written interpretations of the Federal manufactured home construction and safety standards. These interpretations shall become binding upon the completion of notice and comment rulemaking procedures by the Secretary in accordance with section 553 and subchapter II of chapter 5 of title 5, United States Code, which shall be instituted within 180 days of the Secretary's receipt of such an interpretation. The Secretary may reject, in whole or in part, an interpretation only upon a written finding that the interpretation is inconsistent with the purposes of this title.'';

(2) in subsection (b)—

(A) by striking ''All'' and inserting ''Except as expressly provided herein, all''; and

(B) by inserting ''and subchapter II of chapter 5'' after ''section 553'';

(3) in subsection (c), by striking ''Each'' and all that follows through ''effect,'' and inserting the following: ''Each order establishing, amending, deleting, or interpreting a Federal manufactured home construction and safety standard shall specify the date such standard, amendment, or interpretation is to take effect,'';

(4) by striking subsections (d), (e), (f), and (g) and inserting the following new subsections:

''(d) PREEMPTION.—Except as may otherwise be expressly authorized by the provisions of this title, a State or local unit of government shall not establish, continue in effect, or enforce any standard pertaining to the design, construction, transportation, or safety of manufactured homes after the effective date of the United States Housing Act of 1996. The standards mandated by this title are deemed complete and exhaustive and shall supersede and preempt State and local law and regulations.

''(e) CONSIDERATIONS.—The consensus committee, in recommending performance standards and issuing interpretations, and the Secretary, in establishing such standards and standards interpretations under this title, shall—

''(1) consider relevant, reliable manufactured home construction and safety data, including the results of the research, development, testing, and evaluation activities conducted pursuant to this title, and those activities conducted by private organizations and other governmental agencies to determine how best to promote the purposes of this title;

''(2) consult with such State or interstate agencies (including legislative committees) as they deem appropriate;

''(3) consider whether any such proposed performance standard or standard interpretation is reasonable for the particular type of manufactured home or for the geographic region for which it is adopted;

''(4) consider the probable effect of such standard or standard interpretation on the cost of the manufactured homes to purchasers and potential purchasers; and

''(5) consider the extent to which any such standard or standard interpretation will contribute to carrying out the purposes of this title.'';

(5) by redesignating subsections (h), (i), and (j) as subsections (f), (h), and (i), respectively;

(6) by inserting after subsection (f) (as so redesignated by paragraph (5) of this subsection) the following new subsection:

''(g) EVALUATION METHODOLOGIES.—Based on a finding of need, as determined in writing by the Secretary, the consensus committee may, in accordance with the provisions of this section, establish reasonable, cost-effective, uniform evaluation methodologies in order to determine compliance with existing standards, or may evaluate proposed methodologies.''; and

(7) by adding at the end the following new subsection:

''(j) REQUIRED USE OF CONSENSUS PROCESS.—After the date of the enactment of the United States Housing Act of 1996, the Secretary shall not adopt or amend any standards or standards interpretations other than through the consensus process set forth in this section.''.

(b) CONFORMING AMENDMENT.—Section 610 (42 U.S.C. 5409(a)(6)) is amended by striking ''subsection (h)'' and inserting ''subsection (f)''.

SEC. 604. INSPECTION FEES.

Section 620 (42 U.S.C. 5419) is amended to read as follows:

''INSPECTION AND COLLECTION AND UTILIZATION OF FEES

''SEC. 620. (a) ESTABLISHMENT.—The Secretary may establish and impose, on manufactured home manufacturers, distributors, and dealers, a reasonable fee to offset the necessary expenses incurred in conducting the inspections required by this title and the expenses incurred by the consensus committee in performing its duties under this title. Such fees shall be established and/or modified pursuant to notice and comment rulemaking in accordance with section 553 and subchapter II of chapter 5 of title 5, United States Code.

''(b) USE.—Fees collected pursuant to this title shall be deposited in a dedicated fund and shall be expended only for the functions specified in subsection (a), and shall be subject for expenditure only to the extent approved in an appropriations Act. The Secretary shall provide an annual report to the Congress specifying expenditures of these funds. The Secretary shall also make available to the public, in accordance with all applicable disclosure statutes, regulations, orders, or directives, information pertaining to such funds, including but not limited to, information pertaining to amounts collected, amounts disbursed, and the fund balance.''.

Mr. MCINTOSH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. MCINTOSH. Mr. Chairman, I think it is important that the substitute amendment be added to this bill for three reasons.

First, HUD has simply failed to write commonsense building standards and my colleague's amendment, as well intended as it is, does not do anything to remove the discretion from HUD in setting forth those standards. HUD has consistently failed to consider the technological changes in the industry and building materials, often specifies very bureaucratic specific standards rather than a more common sense performance-based approach that would allow the engineers in the industry to develop the most affordable ways of providing for safe and effective housing.

I would like to share with my colleagues two examples of this. I was conducting a field hearing in Florida and heard testimony about wind regulations there that were developed in such a way that they increased the cost of affordable housing of a $30,000 home by $3,000. That is a 10-percent increase. Many people are no longer able to afford those houses because of those regulations that were not necessary because they go beyond the local requirements for site built housing.

Another example was HUD regulations on insulation. When the insulation industry came to them and asked them to increase the standards beyond what was necessary for energy efficiency, the average cost of a $28,000 rose to $2,100, again nearly a 10-percent increase passed on to the consumer who could no longer afford to buy the houses.

The second reason is that my amendment would give us a very real consensus committee. The consumer groups, the environmental groups, the industry groups would all be included in the new consensus committee. Unfortunately, my colleague's amendment does not require HUD to use the advice of this consensus committee in developing regulations where my substitute would require that the agency do that.

The third reason and the final point is that my substitute would require that all of HUD's spending in this area go through the regular appropriations process. Currently, HUD is able to accumulate funds from the industry and disburse them in ways that are not supervised by this Congress. My amendment would take care of that by requiring that these funds go through an appropriations bill.

The amendment is fair. It is a genuine effort to get to commonsense regulations. It is supported by the Manufacturing Housing Institute in Louisiana, Alabama, and Texas. It is supported by many of the manufacturers in our home State. I would urge my colleagues today to vote for my substitute so that we can have a real consensus committee at work and have an opportunity to get to commonsense regulations.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. MCINTOSH. I yield to the gentleman from Indiana.

□ 1630

Mr. ROEMER. The gentleman mentioned that he is trying to be inclusive of these consumer groups. Has he worked with any of those consumer groups, and why are they opposed to his legislation?

Mr. MCINTOSH. I am not exactly sure why they are opposed to these groups. The provisions that we would have in our substitute would require HUD to include them in making the regulatory recommendations. The difference is that the consumer groups would not be able to do an end run around the consensus committee and ask the Secretary to ignore its recommendation.

Mr. ROEMER. Mr. Chairman, if the gentleman would yield further, I would just say to the gentleman that, in relation to wind standards, that he very articulately discussed on his time that the gentleman from California [Mr. CALVERT] and I were in Congress before the gentleman from Indiana, and we worked very closely with the industry and very closely with HUD to address that problem, and I think my colleague would find that the manufactured housing industry was very pleased, after going through very rough treatment from HUD, what we were able to accomplish in terms of getting commonsense solutions to that wind standard that they initially promulgated.

This consensus committee that we have developed in our bipartisan legislation with HUD will prevent that kind of fiasco from happening again.

Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. CALVERT], an original cosponsor of the legislation.

Mr. CALVERT. Mr. Chairman, I rise today in opposition to the McIntosh amendment and certainly in favor of the Roemer-Royce amendment to the United States Housing Act. The McIntosh amendment is a poison pill meant to kill this commonsense reform that we are working on.

The McIntosh amendment is certainly opposed by HUD. But more importantly, the great majority, the great majority of the industry, the manufactured industry here in the United States, is also in opposition, along with many, many consumer groups. It is an unworkable proposal that flies in the face of this Congress's efforts to return authority to State and local governments.

It is of particular concern to California as the McIntosh language would more than likely prevent local governments from allowing fire sprinklers in manufactured housing, a great concern in my area, and as the gentleman from Indiana [Mr. ROEMER] mentioned, the problem we have had with wind and sheer in the Florida area, we could have had that resolved if this committee was in effect earlier.

On the other hand, the Roemer-Royce amendment has broad bipartisan support and the backing, as I mentioned earlier, of industry, HUD and consumers. It creates a committee consisting of manufacturers, consumers, public officials and other interest groups. This committee will develop standards for manufactured housing in partnership with the HUD secretary.

Let us not lose an opportunity to enact commonense reform. Reject the poison-pill McIntosh amendment and support the bipartisan Roemer-Royce-Calvert proposal.

Mr. ROEMER. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Florida [Mr. MCCOLLUM].

(Mr. MCCOLLUM asked and was given permission to revise and extend his remarks.)

Mr. MCCOLLUM. Mr. Chairman, I rise in reluctant opposition to the McIntosh amendment, but in strong support of the Roemer underlying proposal. I think what we have here is an opportunity today to be able to do something for manufactured housing that has been needed for a long time.

It is absolutely necessary that we have a consensus committee. It has to be established. I do not think any of us disagree with that fact. HUD, the consumer groups, everybody understands that.

The manufactured housing, affordable housing for everybody, is very, very important in the State of Florida as it is in California and in much of the country today. Many low- and middle-income Americans are very dependent on it, and it is time that we have the

benefit and the knowledge and the input of the building codes and standards for the most knowledgeable people possible in the industry. This amendment, the underlying amendment, would guarantee a balance among the various interests that are involved.

We must reform the current process that HUD uses to develop the construction and safety standards for manufactured homes because, simply put, it does not work right now. The consensus committee that the Royce-Roemer amendment establishes will streamline the regulatory process and accept input from members of the industry, consumer groups, and HUD, but it will not go as far as the McIntosh amendment does.

I question whether the McIntosh amendment is constitutional. Specifically, his proposal would require the Secretary to either adopt without modification or reject the consensus committee's proposal, and that action must be further to notice and comment rulemaking even though a full administrative record has already been produced.

It also precludes the Secretary from acting on his own, even when the consensus committee fails to act in a timely manner. It creates roadblocks to timely implementation of code interpretations needed to resolve uncertainties that arise in planned inspections, and the Secretary, under the McIntosh amendment, would have no ability to insure that membership of the private consensus committee to whom the Federal authority is being delegated represents all the interests.

It is defective in a number of ways is what I am saying, and as much as I respect the gentleman from Indiana who has offered it, Mr. MCINTOSH, I respect this gentleman's amendment as the one that the industry groups support. The AARP supports it. I support it. I think that most of our colleagues should reject Mr. MCINTOSH's stronger, tougher, if he wants to call it, version in light on the fact we have something with the Roemer proposal that really will work.

Mr. Chairman, we need to get on with it, and as the gentleman from California said, unfortunately probably the McIntosh amendment is a killer amendment to what we are trying to do.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the great State of Florida [Mr. STEARNS], where so many New Yorkers reside.

Mr. STEARNS. I thank my colleague for yielding this time to me.

Mr. Chairman, this is a tough call, and I want to say frankly I am one of the original cosponsors of the Roemer amendment, and I support what he was doing until I had a better understanding what the gentleman from Indiana [Mr. MCINTOSH] is doing.

So I say to my colleagues, let me just say how I view it: That the gentleman from Indiana [Mr. MCINTOSH] has done something here which to the manufacturing home industry in itself is perhaps something they want more than the Roemer amendment, but the Roemer amendment has a chance in the sense there is a lot of consensus, a lot of people that favor it up here in Washington. In the beltway a lot of people think this is the best thing to do.

But if my colleagues go back to my home congressional district, in fact if they go back to Nobility Home and they talk to Terry Trexler, who is the president of this company who has struggled in the trenches with this regulation and has dealt with this for years, he says he would rather have the McIntosh amendment than the Roemer amendment.

So what we have here basically is we have an amendment which will affect the people who are working in the industry better than the Romer amendment, so I say to my colleagues reluctantly I would like them to support the McIntosh amendment. I think it is a better thing to do, and I think overall that this will bring a little bit more sense to the industry, and in fact this is something on the Senate side, as I understand, and I might have a colloquy with the gentleman from Indiana [Mr. MCINTOSH] if I could get his attention.

I would ask the gentleman from Indiana, if I can take a moment, can he tell me on the Senate side what kind of bill they have? Does it closely parallel the gentleman's or the gentleman from Indiana, Mr. ROEMER's?

Mr. MCINTOSH. Mr. Chairman, if the gentleman will yield, it is my understanding that the lead sponsors of this bill in the Senate have one that is much closer to my legislation, actually a little bit stronger in its terms, and therefore the likelihood of this in conference coming out closer to the terms of my amendment is much greater, and it is my opinion that HUD would not recommend a veto of this legislation simply because of this provision. So that politically ours has the greatest chance of surviving and, in fact, does much more for the employees and the manufactured housing industry.

Mr. STEARNS. Let me conclude, Mr. Chairman, by just reading a final sentence from this letter that Nobility Homes sent to me. It says, ''The employees of our subsidiary, in addition, endorse this bill as much better for the industry and for the consumer.''

Mr. ROEMER. Mr. Chairman, I yield 1½ minutes to the distinguished gentleman from California [Mr. LEWIS], a member of the Committee on Appropriations.

Mr. LEWIS of California. Mr. Chairman, I appreciate the gentleman yielding me the time.

I want to especially express my appreciation to my friend, the gentleman from California [Mr. CALVERT], who brought this amendment to my attention in the first place. In our region in southern California, manufactured housing is a very important employer and a great supplier. A very, very significant percentage of the industry is from our region.

There is no question that the industry is going to thrive and survive better if there is a consensus agreement. There is no doubt it is a major employer in our region that provides first-time home opportunity for many, many a family in southern California.

There is absolutely no doubt in my mind's eye that the Mcintosh amendment in its current form could be a killer amendment. On the other hand, the gentleman from Indiana [Mr. MCINTOSH] has indicated that the Senate has a bill that is closer to him. So it is logical to have the Calvert-Roemer amendment go forward so we have a reasonable discussion in conference.

I urge the Members to vote against the McIntosh amendment and for the Roemer amendment.

Mr. ROEMER. Mr. Chairman, I yield 30 seconds to the gentleman from Minnesota [Mr. VENTO], a very distinguished member of the committee and a very, very hard-working Member of Congress.

Mr. VENTO. I thank the gentleman for yielding this time to me, and I rise in opposition to the McIntosh amendment and in favor of the amendment offered by the gentleman from Indiana [Mr. ROEMER].

The fact is that I think Mr. ROEMER'S amendment strikes policy of consensus. The issue with McIntosh is that it cuts off the authority at the local level to control manufactured housing and it cuts off the ability of HUD to control manufactured housing at the other end, and so obviously some manufacturing housing advocates or manufacturers think that is the way to go. No big surprise. But that means it is not controlled from the Federal side, it is not controlled locally, but who does control it? We do have some responsibility.

I mean this is the dilemma we have had. We have got to leave some balance in this policy, and I think that the amendment offered by the gentleman from Indiana [Mr. ROEMER] strikes that balance. There is no question about it, but there has been discrimination against this manufactured housing based on regulatory and zoning policies. The way to right that is to follow and pass the Roemer-Calvert amendment. That's the best and positive proposal that has been hammered out and deserves the support of the House.

Mr. LAZIO of New York. Mr. Chairman, I reserve the balance of my time.

Mr. ROEMER. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I would conclude by saying that people across America are asking us here in Congress to not say that regulations and 9-story buildings with bureacrats are the answers to our problems. We do not do that with this amendment. It is a consensus committee of consumers, supported by the Secretary of HUD. It is supported by the manufactured housing institute that

comprises about 70, 75 percent of the industry. It is strongly supported by the consumer groups and the American Association of Retired People.

Now, the gentleman from Florida [Mr. MCCOLLUM] and the gentleman from California [Mr. LEWIS] and others, very distinguished members of the Republican Party, have said that the McIntosh amendment will kill any ability for this Roemer-Royce bipartisan bill to be signed into law.

We need to accomplish commonsense reform for our industry, for our consumers, and for the sake of this country to compete in a global environment. I urge my colleagues to support the bipartisan Roemer-Royce-Calvert-Vento amendment and defeat Mr. MCINTOSH'S amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield the remaining 3 minutes of my time to the distinguished gentleman from Indiana [Mr. MCINTOSH].

Mr. MCINTOSH. Mr. Chairman, first let me commend my colleague from New York for bringing this entire bill forward and the incredibly good work that he and his committee have done, and let me assure him that when my amendment is added to this bill, it will in no means make it less likely that it is to be signed by the President.

The last time I checked, the consumer groups were not the ones controlling the Senate or the conference and that in fact this amendment is most likely to come through the Senate and the House conference intact and survive in order to provide real relief for the owners and purchasers of these manufactured housing.

Bottom line is, my amendment would put real teeth into regulatory relief, would require common sense to be used by HUD in developing standards for safe manufactured housing, would avoid the disastrous regulations in the past that have increased the cost of this housing by 10, 20 percent at a leap, and would finally do something for working men and women in this country who want a chance to have the American dream, to afford their own home, many of them for the first time.

□ 1645

We need to pass this amendment for their sake. Mr. Chairman, I include for the RECORD a letter from Mr. Jim Shea, who lives in the district of the gentleman from Indiana [Mr. ROEMER]. He indicated that it is his belief that the proposed consensus committee in my colleague's amendment would not improve the process, and might in fact seriously set back the effort to have reasonable regulation.

I also include for the RECORD the letter referred to by the gentleman from Florida [Mr. STEARNS] from Nobility Homes in Ocala, Florida.

The letters referred to are as follows:

FAIRMONT HOMES, INC.,
Nappanee, IN, May 3, 1996.

Hon. TIMOTHY ROEMER,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN ROEMER, I appreciated the time that your legislative staff person, Ms. Katherine Graham, spent on the phone with me this week regarding the proposed legislative changes to the National Manufactured Home Construction and Safety Standards Act that you may sponsor. I thought that because of the length of our discussion, I should provide a written summarization of the grave concerns that we, as well as numerous other manufacturers, have with the proposed legislative language.

CONSENSUS COMMITTEE

As we recently discussed, the Industry has sought for some time to gain the benefits of a good consensus committee process to update the regulations on a reasonable basis. Unfortunately, it is my belief that the proposed consensus committee structure will result in no improvement in the process, and may result in a serious setback to reasonable regulation.

(1) I understand that consensus committee proposals would be subject to rejection or modification if the Secretary deems them to be ''inconsistent with the purposes of Title VI.'' Ms. Graham stated that if the Secretary wanted to modify a committee approved regulation, the modification would have to go through rulemaking. While this is true as far as it goes, upon further consideration of the proposed legislation it is apparent that the Secretary, under section 604(6), could selectively reject portions of a proposed regulation without ever engaging in notice and comment rulemaking. Through such selective rejection of only portions of a proposed standard, the Secretary could unilaterally change the substance of an entire standard. In addition, under section 604(8)(b), the Secretary is authorized to circumvent the consensus process altogether, and issue his own standards upon a finding of an emergency, or a finding that ''the consensus committee will not make timely recommendations.'' It is important to note that this exception to consensus standards-development is phrased in the disjunctive. Thus, the secretary could totally bypass the consensus committee, even in the absence of an emergency, and could preempt committee deliberations and debate over the most controversial issues by the simple expedient of declaring the committee incapable of rending a ''timely'' recommendation and forcing through a standard of his own design.

(2) The new legislative language appears to totally remove the current notice and comment requirements for interpretative Bulletins. Ms. Graham said that the committee would have full review of the Interpretative Bulletins before issuance, but she was unsure if the Secretary would have to go through rulemaking on the interpretative Bulletins. If the Secretary chose to modify Interpretative Bulletin language as it came out of the committee. I noted that the overreaching use by HUD of Interpretative Bulletins in the past had created great consternation in the industry and any system that made it easier to make de facto changes in the regulations through Interpetative Bulletins would be totally unacceptable. In fact any change that is undertaken should effectively eliminate the confusion and extra costs caused by Interpretative Bulletins.

I have other general concerns over language relating to consensus committee formation. One of the most important is my understanding that the Secretary is not required to enter into a contract with the administrative organization and would therefore not be subject to administrative rules regarding full and fair competition and that the Secretary could replace the consensus committee administrative organization upon a mere finding ''of need.'' Our research on the contractor selection process revealed apparent unfairness of monitoring contractor selection by HUD over the years. Considering the problems we have seen in monitoring contractor selection where HUD is supposedly constrained by administrative rules regarding full and fair competition, it is obvious there would be no fair process of administrator selection and evaluation with the inadequate provisions of the proposed legislation.

ACCOUNTABILITY

As I mentioned to Ms. Graham, any change in the Act must increase the accountability of HUD for expenditures of fees, and ensure that the formation of the consensus committee is not used as a means for HUD to unreasonably raise fees or use them for expanded purposes. A lack of accounting by HUD for industry fee use has been a problem since the program's inception. As you know, HUD has a historically poor record of providing the annual reports to Congress on expenditures and other aspects of the Federal program that are currently required by the Act.

I asked Ms. Graham why the new language did not require the application of the appropriation process to section 620 to require HUD to properly account for expenditures both in the consensus committee areas and in all areas. She said that subjecting HUD to the appropriation process would result in negatives for the industry, especially during budgetary battles such as those experienced this past year. My sense is that many other crucial areas of the government were impacted by the budgetary impasse, yet continued to function adequately. I don't see how it would be different for our program.

Ms. Graham stated that it was her understanding that any changes in fees would be subject to rulemaking, but I did not find any language in the proposal that supports this requirement.

PREEMPTION

As you know, HUD has, over recent years, reduced the strength of its application of the preemptive language in the Act. The preemptive language is very important for two reasons:

(1) The language enables the cost effectiveness of manufactured housing by permitting manufacturing standardization. The efficiency of standardization is the basis for our industry as the sole provider of affordable, non-subsidized housing.

(2) Without preemption, the status of the Third District as one of the top loci for the manufactured housing industry would likely to come to an end, causing a severe impact on employment in the district.

Ms. Graham responded that while she recognized the importance of the preemption issue, there would likely be great political difficulties with strengthening the preemptive language in the Act this year. However, it is our position that strengthening the language would only result in a return to the level of federal preemption originally envisioned by the sponsors of the 1974 Act.

Summarizing, we listened to your advice that we reduce the scope of any reform to the Act this year due to the limited legislative agenda this year. Hence, our expectations were scaled back. However, we cannot endorse proposed legislation that would effectively give HUD veto power over the membership of the consensus committee; allow HUD to replace the administering organization at will; allow HUD to selectively veto discrete portions of proposed standards without rulemaking; and, ultimately bypass the consensus process itself. We believe any changes to the Act that do not result in 1) a more effective regulatory process through a properly structured consensus committee, 2) more accountability by HUD for expenditures of fees in the program, and 3) strengthening of preemptive language to ensure the

protection of jobs in the Third District are not worthy of your efforts.

Sincerely,

JAMES F. SHEA,
Executive Committee Chairman.

NOBILITY HOMES, INC,
Ocala, FL, May 9, 1996.

DEAR REPRESENTATIVES STEARNS: It is my understanding that Representative McIntosh of Indiana will be introducing a substitute amendment to the ''Roemer-Ryce'' Amendment on manufactured housing.

All the employees of Nobility Homes, Inc. urge you to support this amendment. Also, all the employees of our subsidiary, Prestige Home Centers, Inc., the largest retailer of manufactured home in Florida, with a sales center in your district, urge you to support this amendment. It is much better for the industry and the consumer.

Sincerely,

TERRY TREXLER,
President.

Mr. Chairman, this amendment is good for all concerned. It brings consumers and environmentalists to the table, it helps protect consumers for the cost of unnecessary regulation. It allows us to go forward in a commonsense way in developing safety regulations for manufactured housing, America's best hope for affordable housing in this country.

Mrs. SMITH of Washington. Mr. Chairman, I rise in support of the Roemer-Royce amendment to the U.S. Housing Act of 1996 (H.R. 2406). This amendment establishes a consensus committee which will be responsible for the revision and interpretation of Federal manufactured housing construction and safety performance standards. This committee will be made up of all interested parties including industry, consumers, and government. This is an excellent opportunity to bring common sense back to the regulatory process.

Manufactured housing is an important industry and a large employer in my district in places like Woodland and Chehalis. This industry fulfills a vital need for people who want to live the American dream of home ownership. Unfortunately, onerous regulatory requirements have precluded some from achieving this dream. I support the amendment because it takes a significant step toward providing regulatory relief for the Federal manufactured housing program. Moreover, by removing these regulatory burdens we will increase the availability of affordable housing.

I urge my colleagues to support manufactured housing and to support the amendment.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Indiana [Mr. MCINTOSH] as a substitute for the amendment offered by the gentleman from Indiana [Mr. ROEMER].

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ROEMER].

The amendment was agreed to.

The CHAIRMAN. Are there any other amendments to the bill?

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to the rule, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendments offered by the gentlewoman from New York [Ms. VELÁZQUEZ], and an amendment offered by the gentleman from Illinois [Mr. DURBIN].

AMENDMENTS OFFERED BY MS. VELÁZQUEZ

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendments offered by the gentlewoman from New York [Ms. VELÁZQUEZ] on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendments.

The Clerk redesignated the amendments.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. The Chair points out pursuant to House Resolution 426 the next vote in this series will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 126, noes 297, not voting 10, as follows:

[Roll No. 157]

AYES—126

Abercrombie
Ackerman
Barrett (WI)
Becerra
Beilenson
Berman
Bishop
Bonior
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Coyne
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Durbin
Engel
Evans
Fattah
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Furse
Gibbons
Gonzalez
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hefner
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kildee
Kleczka
LaFalce
Lewis (GA)
Lofgren
Lowey
Maloney
Manton
Markey
Matsui
McCarthy
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Mink
Moakley
Nadler
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Rahall
Rangel
Richardson
Rivers
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Skaggs
Slaughter
Stark
Stokes
Studds
Tejeda
Thompson
Thornton
Torres
Towns
Velazquez
Vento
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Woolsey
Wynn
Yates

NOES—297

Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Brewster
Browder
Brownback
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Dickey
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Ensign
Eshoo
Everett
Ewing
Farr
Fawell
Fazio
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Johnston
Jones
Kaptur
Kasich
Kelly
Kennelly
Kim
King
Kingston
Klink
Klug
Knollenberg
Kolbe
LaHood
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Luther
Manzullo
Martinez
Martini
Mascara
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (CA)
Miller (FL)
Minge
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Reed
Regula
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thurman
Tiahrt
Torkildsen
Traficant
Upton
Visclosky
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—10

Bevill
English
Houghton
Laughlin
Molinari
Paxon
Schroeder
Smith (TX)
Torricelli
Weldon (PA)

□ 1707

Mr. KASICH and Ms. ESHOO changed their vote from ''aye'' to ''no.''

Mr. MARKEY and Mr. MATSUI changed their vote from ''no'' to ''aye.''

So the amendments were rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DURBIN

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Illinois [Mr. DURBIN] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 106, noes 318, not voting 9, as follows:

[Roll No. 158]

AYES—106

Abercrombie
Ackerman
Andrews
Baldacci
Barrett (WI)
Beilenson
Berman
Boehlert
Bonior
Borski
Brown (OH)
Bryant (TX)
Cardin
Coleman
Conyers
Coyne
Cummings
Davis
DeLauro
Dellums
Dicks
Doggett
Dunn
Durbin
Engel
Eshoo
Evans
Farr
Fattah
Fawell
Fields (LA)
Filner
Flake
Foglietta
Ford
Furse
Gejdenson
Gibbons
Gutierrez
Hall (OH)
Harman
Hinchey
Horn
Jackson-Lee (TX)
Johnson, E. B.
Johnston
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
LaFalce
Lantos
LaTourette
Leach
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martini
Matsui
McCarthy
McDermott
McKinney
McNulty
Meehan
Menendez
Millender-McDonald
Miller (CA)
Moakley
Moran
Morella
Nadler
Neal
Neumann
Olver
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Porter
Quinn
Reed
Regula
Rivers
Rose
Sawyer
Schumer
Shays
Skaggs
Slaughter
Stark
Stokes
Studds
Torres
Towns
Ward
Waxman
Woolsey
Wynn
Yates
Zimmer

NOES—318

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehner
Bonilla
Bono
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
de la Garza
Deal
DeFazio
DeLay
Deutsch
Diaz-Balart
Dickey
Dingell
Dixon
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fazio
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hobson
Hoekstra
Hoke
Holden
Hostettler
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kanjorski
Kasich
Kelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
Lazio
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martinez
Mascara
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McKeon
Meek
Metcalf
Meyers
Mica
Miller (FL)
Minge
Mink
Mollohan
Montgomery
Moorhead
Murtha
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Oberstar
Obey
Ortiz
Orton
Oxley
Packard
Parker
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Portman
Poshard
Pryce
Quillen
Radanovich
Rahall
Ramstad
Rangel
Richardson
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Saxton
Scarborough
Schaefer
Schiff
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Waters
Watt (NC)
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Young (AK)
Young (FL)
Zeliff

NOT VOTING—9

Bevill
Houghton
Laughlin
Molinari
Paxon
Schroeder
Smith (TX)
Torricelli
Weldon (PA)

□ 1718

Messrs. RANGEL, UPTON, HASTINGS of Florida, Ms. VELÁZQUEZ, and Mrs. COLLINS of Illinois changed their vote from ''aye'' to ''no.''

Mr. BALDACCI changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today because I have some real concerns about how the Republican majority of this body treat those of our citizens who are most vulnerable.

H.R. 2406 the United States Housing Act of 1995 in its final form will repeal the Brooke amendment which established a flat rent of 30 percent of income for residents of all public housing and assisted housing. This provision protected the most vulnerable residents of public housing and later those with Section 8 assistance from paying too high a percentage of their income in rent.

This bill will establish minimum rents of $25 to $50 a month without any consideration of a family's income. In my State of Texas, the impact would be felt by 33,949 poor families who will have to pay more for a place to call home.

H.R. 2406 will also give housing authorities the power to demolish apartments without any consideration for the residents or their rights. In my district, the residents of the Allen Parkway Village have been completely removed from the decision making process by local public housing authority which may have been too emersed in its day-to-day operation to remember that their policy affects real people.

I have consistently argued that the residents of public housing must be involved in any plan to rehabilitate or demolish their homes. Residents must also be given the opportunity to contest the actions of a housing authority through due process with an adequate appeals procedure.

Having a place to call home, no matter how modest, is a cornerstone of the American Dream, it is the goal of every family.

Do we suspend the right to life, liberty and property because an individual earns the minimum wage or less? The Federal Government created and supports an affordable public housing program because there is a need. The current supply of housing is clearly deficient when we consider the thousands of homeless families that inhabit shelters in our Nation.

Today, we should be codifying the American Dream, making it a right for all of our country's families to have access to an affordable place to call home. It would be the right thing to do and it is what the American people deserve.

Does this body consider an individual's opinion of no value or their voice silent if they are poor and reside in public housing. A home is not just a place to live it is also a place where people should and must have a voice. For residents of Allen Parkway Village in Houston, TX, what we do here today is very relevant and very real to their democratic rights as residents of public housing.

Citizens of this country no matter what their economic standing must have a right to be heard and to have due process. It is a shame that the Republican majority brought this piece of legislation before the House for consideration without insuring that these rights were guaranteed to the residents of public housing.

Do we not want to maintain a reliable supply of affordable housing for our Nation's poor? I believe we do, the Houston Housing Authority has several fine examples of providing good housing for Houstonians. More can be done including the providing of affordable housing for low-income citizens; however total abdication of Federal responsibility in public housing is clearly unwise.

The Congress should not in its shortsightedness or insensitivity toward the poor, in public

housing policy making, create one additional homeless family.

When you are the poor of the poor, then you have a perspective that few of us in this chamber have ever known or will know. That should not, however, stop us from having common sense or compassion about what is fair or what is right.

I would caution us before this vote with a metaphor using words from Langston's Hughe's poem, ''As I Grew Older''.

It was a long time ago. I have almost forgotten my dream. But it was there then, In front of me, Bright like a sun—My dream. And then the wall rose, Rose slowly, Slowly, Between me and my dream. Rose slowly, slowly, Dimming, Hiding, The light of my dream. Rose until it touched the sky—

The wall is the legislation we pass that affect the poor and the dream is affordable housing.

Mr. KLECZKA. Mr. Speaker, I would like to express my serious reservations about the elimination of the service coordinators authorization under H.R. 2406, the U.S. Housing Act.

The service coordinators program was established in 1992 in response to a desperate need in our Nation's public housing. At that time, elderly and disabled residents were being placed into public housing together. The differences between the needs and lifestyles of these two populations were leading to fear and distrust. In a few cases, violence even broke out.

To help ease these tensions and ensure that all residents were receiving the medical, psychological, social and other services they needed, we developed the service coordinators program. When the grant was first announced, competition for these funds was intense. Cities all across the Nation recognized that this program would allow them to address resident issues in a coordinated, comprehensive manner.

This program has accomplished a tremendous amount at a very low cost. In my hometown of Milwaukee, there has been a sea change in the atmosphere at public housing complexes where service coordinators were sent. Our local paper, the Milwaukee Journal-Sentinel, reported that originally, ''the only older people living in Milwaukee's public housing towers were those who had no other options.'' However, after service coordinators were established, ''Within months, the social workers and nurses * * * had made major inroads in easing tensions, helping residents get to know one another and linking those who were sick or abusing alcohol or drugs to the help they needed.''

I am deeply concerned that the block grant established under H.R. 2406 will force housing authorities to make difficult funding choices that will result in the elimination of service coordinators. Too often, social services cannot compete against needs like housing repairs and operating costs. It would be truly tragic if the programs we have made is erased simply because the funding stream is eliminated. We know what the problem has been, and we have designed a solution that works. It troubles me deeply that this bill may effectively destroy that solution, and all the hard-won advancements in mixed population housing.

Mr. Speaker, if service coordinators are eliminated, I will be watching closely to determine whether the sort of backsliding I have described occurs in the future. It if does, you may be certain that I will propose reinstating this critical program.

Mrs. MINK of Hawaii. Mr. Chairman, I rise in opposition to H.R. 2406, the ''United States Housing Act of 1996.''

How many times have you heard visitors from foreign counties express their astonishment at the wealth gap between individuals in this country living within the same communities. They see slums a quarter of a mile away from mansions. They see the homeless panhandling in front of luxury hotels. They see a husband and wife with their two children standing at a freeway entrance holding a sigh that says ''Homeless-will work for food,'' as a $50,000 sports car goes by.

It it one thing to want all the riches of the world, but for many it is a struggle just to provide a home for their family. Is that too much to ask? What happened to the American dream? Everyone in Congress claims to be sympathetic to those in need of housing assistance, still, H.R. 2406 makes changes contrary to what I believe to be our public housing assistance goals. Low-income individuals should not be forced to decide between rent for housing and other primary needs.

H.R. 2406 establishes a minimum rent requirement eliminating current standards which cap tenant rents to 30 percent of adjusted gross income. All public housing assistance recipients would be required to pay at least $25 per month. The result would be that vulnerable, very low-income tenants will be required to contribute a large percentage of their incomes to rents.

Proponents of this bill argue that the minimum rent level is meager, however, for someone who makes minimum wage and earns less than $9,000 per year, $300 is a big chunk of income. It is even more frightening for someone dependent on Social Security. What does this new charge mean to them? What does it mean to the disabled? What does this mean to their children?

I believe this proposal could send vulnerable low-income tenants into the street. I urge that the minimum rent level be removed and that the current 30 percent of adjusted income cap for rents be maintained.

Additionally, this bill eliminates regulations that directs public housing assistance to the most vulnerable. H.R. 2406 does not reserve any Section 8 assistance for very low-income families. Moreover, it only requires 25 percent of public housing units to be reserved for the very low-income families as compared to current standards requiring 85 percent. I believe the very low-income should be a principal concern and we should be cautious to allocate scarce resources to those with minimal need.

I sincerely believe that all of us in Congress have compassion for those who lack adequate housing. I believe we all care about low-income families and the homeless.

I do not, however, believe dumping responsibility on States in the form of Block Grants is the solution; nor is removing regulations that direct assistance to very low-income families; nor is requiring very low-income tenants to pay minimum rents, forcing many to choose between health, food or rent.

Reform of the Department of Housing and Urban Development is necessary, but H.R. 2406 misses the mark, ignoring our obligation to the most vulnerable populations while unloading the Federal burden by dumping it on the States. This is not the policy that we should be pursuing.

Visitors from other countries are astonished to see the contrast in housing conditions between the rich and the poor in the United States. Why aren't we? I know the Federal Government doesn't have all the answers, but neither do the States. Therefore, the Federal Government must continue to play a significant role in insuring that housing needs of our country are met. We must work together to make the most efficient use of our resources and I sincerely do not believe this bill does that.

Unless drastic changes are made to H.R. 2406, I urge a ''no'' vote on this bill.

Mr. TOWNS. Mr. Chairman, every day my constituents remind me of the difficulty they have with making ends meet. And while $50 may not be much to you, but it is a lot for many of my constituents living in public housing.

It has been estimated that 5.3 million low-income households are either spending more than half their incomes on rent or living in extremely substandard housing. This figure is expected to dramatically increase if the Velázquez amendment is not accepted.

I understand that the rent increase is intended to encourage personal responsibility. But I wish someone would tell me how a 70-year-old senior citizen or a 73-year-old Air Force veteran is going to be taught personal responsibility. I believe they know what responsibility is and many of them have lived and survived in situations that many of us could not imagine living through.

This bill presupposes that the average public housing resident has extra money for rent. We are talking about people who have been displaced from their jobs, who have been homeless, who are single parents with young children and cannot afford child care and therefore cannot work a minimum wage job. People who are disabled, perhaps on dialysis, or who have suffered a stroke, simply cannot afford to pay higher rent. We are talking about truly needy families who do not want to be in the situation in which they find themselves in.

While I understand compassion is something this Congress is often not able to express. We want all Americans to pick themselves up by their own bootstraps when they don't even have boots. We must not forget that welfare, Medicaid and several other programs to help the needy are already on the chopping block. We cannot throw people out on the streets because they happen to be poor.

I urge my colleagues to protect the housing for seniors with limited incomes, former homeless families with no income and large families receiving AFDC benefits. I urge the adoption of the Velázquez amendment.

The CHAIRMAN. Are there any other amendments to the bill?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. GUNDERSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having

had under consideration the bill, (H.R. 2406), to repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes, pursuant to House Resolution 426, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole?

Mrs. MALONEY. Mr. Speaker, I demand a separate vote on the Maloney amendment.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment?

The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: page 37, line 19, strike ''A'' and insert ''(a) IN GENERAL.—Except as provided in subsections (b) and (c), a''.

Page 37, line 25, strike ''Notwithstanding the preceding sentence, pet'' and insert the following:

(b) FEDERALLY ASSISTED RENTAL HOUSING FOR THE ELDERLY OR DISABLED.—Pet

Page 38, after line 5, insert the following new subsection:

(c) ELDERLY FAMILIES IN PUBLIC AND ASSISTED HOUSING.—Responsible ownership of common household pets shall not be denied any elderly or disabled family who resides in a dwelling unit in public housing or an assisted dwelling unit (as such term is defined in section 371), subject to the reasonable requirements of the local housing and management authority or the owner of the assisted dwelling unit, as applicable. This subsection shall not apply to units in public housing or assisted dwelling units that are located in federally assisted rental housing for the elderly or handicapped referred to in subsection (b).

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mrs. MALONEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 375, noes, 48, not voting 10, as follows:

[Roll No. 159]

AYES—375

Abercrombie
Ackerman
Allard
Andrews
Bachus
Baesler
Baldacci
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Calvert
Camp
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooley
Costello
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoke
Holden
Horn
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E.B.
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
LoBiondo
Lofgren
Longley
Lowey
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McDade
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Montgomery
Moorhead
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Parker
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Ros-Lehtinen
Rose
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sawyer
Saxton
Schaefer
Schiff
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shaw
Shays
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stupak
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walsh
Wamp
Ward
Waters
Watt (NC)
Waxman
Weldon (FL)
Weller
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—48

Archer
Armey
Baker (CA)
Baker (LA)
Ballenger
Barr
Bateman
Bonilla
Callahan
Campbell
Collins (GA)
Cox
DeLay
Doolittle
Ehlers
Gilchrest
Hancock
Hansen
Hoekstra
Hostettler
Inglis
Istook
Johnson, Sam
King
Largent
Lazio
Livingston
Lucas
McCrery
Moran
Neumann
Orton
Pombo
Rohrabacher
Roth
Sanford
Scarborough
Shadegg
Shuster
Smith (MI)
Souder
Stump
Thomas
Thornberry
Tiahrt
Walker
Watts (OK)
White

NOT VOTING—10

Bevill
Dickey
Hastert
Laughlin
Molinari
Paxon
Schroeder
Tanner
Torricelli
Weldon (PA)

□ 1740

Mr. WHITE changed his vote from ''aye'' to ''no.''

Mr. WAMP and Mr. FUNDERBURK changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

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

MOTION TO RECOMMIT OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. KENNEDY of Massachusetts. Mr. Speaker, I am in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KENNEDY of Massachusetts moves to recommit the bill, H.R. 2406, to the Committee on Banking and Financial Services, with instructions to report the same back to the House forthwith with the following amendments:

In Section 225(a) of the bill (as amended by the manager's amendment), after paragraph (2) insert the following new paragraph:

(3) EXCEPTIONS.—Notwithstanding any other provision of this section, the amount paid for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income for any family who has an annual income which is principally derived from earned income.

In Section 322(a) of the bill (as amended by the manager's amendment), after paragraph (2) insert the following new paragraph:

(3) EXCEPTIONS.—Notwithstanding paragraph (1), the amount paid by an assisted family for monthly rent for an assisted dwelling unit, may not exceed 30 percent of the family's adjusted monthly income for any family who has an annual income which is principally derived from earned income.

Any amount payable under paragraph (4) shall be in addition to the amount payable under this paragraph.

In section 352(a)(2) of the bill (as amended by the manager's amendment), after ''paragraph (2)'' insert ''or (3)''.

Mr. KENNEDY of Massachusetts (during the reading).

Mr. Chairman, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. KENNEDY] is recognized for 5 minutes.

Mr. KENNEDY of Massachusetts. Mr. Speaker, I want to compliment the gentleman from New York [Mr. LAZIO], my friend for the efforts that he has made on this bill. I want to thank the gentleman in particular for the extensions that he has made to the Brooke amendment.

Under the bill the way we are about to vote on it, we will have protected our senior citizens and elderly.

□ 1745

Mr. Speaker, under the way this bill is about to be voted on, with the amendments that the gentleman from New York [Mr. LAZIO] has accepted, we will be protecting our elderly, our senior citizens, that live in public housing and that gain access to tenant based vouchers with the Brooke amendment. We have extended that to disabled people. We have extended that to our Nation's veterans.

The one group of people that we have not extended the Brooke protections to are the very people that the chairman of the Subcommittee on Housing and Community Opportunity suggests that the Brooke amendment is going to most hurt. That is the working poor of this country. They are the individuals that under the arguments that we have heard over the course of the last 24 hours have a disincentive, that is to go to work, that is put into place by the Brooke amendment.

However, because of all of the protections that we have placed into the Brooke amendment, the only people that we can now raise rents on are, in fact, the working poor. So we have this perverse situation where we have created an enormous disincentive, an even larger disincentive to work under the notions put forward by the Republicans in this bill.

We have a perverse situation where the very individuals that all of us in this Chamber have voiced the greatest concern about in terms of their ability to go out and work and the disincentives that we sometimes inadvertently put into law that creates these weird circumstances where they are no longer incentivized to work but are incentivized to stay on the Government dole are in fact created by virtue of the exemptions that we have placed in this bill. So what has occurred is, in fact, an enormous rent increase.

It will not be linked to a percentage of income, but I do not know anyone that worries about whether or not their rent increase occurs because it is a percentage of income or just because the landlord jacked up the rent. But nevertheless, what we got here is a rent increase of substantial proportions on the very individuals that everyone in this House is looking to protect and to create incentives to have them go out and work for a living.

This motion to recommit would extend the Brooke protections to the working poor that work for a living, that live in public housing, that use tenant based couchers and say that they cannot inadvertently have their rents jacked up because of the maneuvers that end up being created perversely by this legislation that will inadvertently jack up their rents.

Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker, this very carefully drawn recommit says, if a majority of your income comes from work, you will get the same cap that welfare recipients get. We will be creating, if we reject this, precisely the disincentive my colleagues said they did not want.

Remember, under this recommit there is no floor. If a housing authority does not want to go up to 30 percent, it does not have to. So the gentleman from New York's argument comes down to this: If you tell a housing authority it cannot charge a working person more than 30 percent of income, they will wind up paying more rent than if you tell the housing authority they can charge an unlimited amount of income. That is the difference.

We are saying, if you are working, 30 percent is the maximum. There is no minimum. It is whatever the housing authority wants to set.

The gentleman from New York says, no, we must protect these working people. Let us let the housing authority charge them whatever they want. What we will get is the people on welfare will be protected by a 30-percent cap, and people who are working will not be protected.

Steve Forbes, where are you when we need you to make rational housing policy? Why do my colleagues want to say that working people will be treated not only in dollar amounts more but qualitatively more? This amendment does what the gentleman may have set out to do. And it is true, housing authorities will tell you, no, we need the money. If you vote no, you are voting to let the local bureaucratic people who run the housing authorities get more money out of working people without limit. If they get a shortfall, they will have one place to go. They will be able to raise the rents not on the disabled people, not on the welfare recipients, they will be able to raise the rents on the working people. If they do not want to raise the rents, they will not have to. Nothing in here forces them.

The gentleman from New York says trust the local authorities, but apparently he does not trust them because he says, if you put a 30 percent, they are too stupid to know that 30 percent up here does not mean you cannot be below 30 percent. If you really think they cannot tell the difference, then protect these people.

Mr. KENNEDY of Massachusetts. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. TORKILDSEN].

Mr. TORKILDSEN. Mr. Speaker, I include for the RECORD the following article on the Brooke amendment:

[From the Boston Globe, May 8, 1996]

SAVE THE BROOKE AMENDMENT

(By Edward W. Brooke)

(27 years ago, we passed a law to keep rents affordable in public housing—we still need it today.)

As a young man starting out on my own, my father taught me that if I was paying more than 25 percent of my income on rent, I was paying more than I could afford and should find another place to live. It was sound advice then, and it is sound advice today.

Too much spent on housing leaves a person juggling to pay for other essentials, robbing Peter to pay Paul, with no ability to save for the future.

Twenty-seven years ago as a Republican US senator from Massachusetts, I introduced the ''Brooke Amendment'' to keep rents affordable for low-income families, elders, veterans and disabled people living in public housing. Then, as now, public housing authorities faced increasing operating expenses and, in order to cover costs, were charging tenants higher and higher rents—in some cases upwards of 50 percent of their meager incomes.

Congress had two choices: fill the operating-cost gap or turn people out of their homes. We voted to fill the gap and passed legislation, signed into law by President Nixon in 1969, to cap rent at 25 percent of income. In 1981, this cap was raised to 30 percent.

Now, US Rep. Rick Lazio, a Republican from New York and chairman of the housing subcommittee, is expected to bring to the full House a bill that calls for the elimination of the Brooke Amendment. It will put 2.7 million households in danger of losing the rent-cap safeguard in their federally subsidized housing. The rationale for repealing the Brooke Amendment is that, to fill the current revenue gap, housing authorities need to attract working people who can pay higher rents into public housing. The 30-percent cap is seen as a disincentive for residents to obtain work.

The purpose of public housing is to provide decent, affordable housing for low-income families, and the Brooke Amendment has ensured that for almost 30 years.

However, a specious argument has caught hold in Congress that people who have jobs and more choices will choose to move into public housing developments where apartments are cramped, safety is often a problem

and one is branded with the stigma of living in a poor development. Do members of Congress really believe that people who have the means to live elsewhere will move into public housing projects? The reality is that people live in public housing because they have no other choice; they are poor and have no other place to go.

If Congress truly wants to remove barriers that discourage public housing residents from obtaining employment, the solution is to give housing authorities the flexibility to set rents below 30 percent in certain instances and allow people to save and get back on their feet. Congress should not withhold operating subsidies from public housing authorities and try to balance the budget by reaching deeper into the pockets of our poorest people. We must keep rents in public housing at a fair and reasonable percentage of income, a percentage that recognizes that people need money to pay for other basic expenses as well.

Some advocates of the repeal cite the rate of crime in public housing. The fact is that less than 15 percent of public housing tenants are involved in crime. More than 85 percent are decent, law-abiding citizens who live in fear of crime. The way to address the crime problem is not repeal of the cap on rents, but through eviction and prosecution of criminal tenants.

I fear that the real intention in repealing the Brooke Amendment is to abandon federal public housing. This misguided and hard-edged legislative action will destroy the foundation of our federal housing policy.

Abandoning public housing is unwise for the country. It ignores the investment that this country has already made to build millions of units of housing—housing that, if we had to rebuild today, would be prohibitive in cost.

The Brooke Amendment is not a budget buster. Last year, the federal government provided $2.9 billion to agencies that run public housing. This figure was dwarfed by the $56.3 billion in mortgage interest deductions that reduce housing costs for middle- and upper-income people. There is clearly no fairness or equity in the allocations between the haves and the have-nots.

There comes a point in making policy decisions when compassion and common sense must dictate. I respectfully urge my Republican successors in Congress to preserve the Brooke Amendment.

Mr. LAZIO of New York. Mr. Speaker, I rise in opposition to the motion to recommit.

Mr. Speaker, I want to begin by thanking the full chairman of the Committee on Banking and Financial Services, the gentleman from Iowa [Mr. LEACH], for his support and friendship. I want to thank the members of my subcommittee, especially the people who have been at my side in handling the debate, the gentleman from Louisiana [Mr. BAKER], the gentleman from Nebraska [Mr. BEREUTER], the vice chairman of the Subcommittee on Housing and Community Development. I want to thank the gentleman from Delaware [Mr. CASTLE], the gentleman from Arizona [Mr. HAYWORTH], the gentleman from Illinois [Mr. WELLER], on and on.

I want to thank the gentleman from Massachusetts [Mr. KENNEDY] for his cooperation, the ability to work together on a number of different items.

Mr. Speaker, this moment culminates 2 days of debate about two different visions of America. The first vision is the vision at my left. It is the state of public housing in America.

Mr. Speaker, 200,000 Americans live in public housing that is run by corrupt, dysfunctional, mismanaged housing authorities. And the other side defends this. They think that this is acceptable, that it is OK in America to have communities where 200,000 Americans live in this despair, without hope or opportunity.

We do not accept that. These housing authorities, let me just talk about some of these housing authorities. Think about if your children went to school and they came back with test scores, not for 1 year or 2 years or 3 years or 5 years but for 17 years out of 100. New Orleans is scoring 27. Can you imagine if your children came back with a score of 27 year after year? Condemning the population, the people that we are supposed to serve, to poverty. District of Columbia, 33; Philadelphia, 35; Detroit, 37; Pittsburgh, 47; Atlanta, 49.

And let me tell my colleagues something, this is what HUD is bragging about. They gave me this piece of paper because they think this is good. I think it stinks. I think we should not accept it. I think we should say that the people deserve more, that we should fire these housing authorities that continue to do a poor job year-after-year while billions of taxpayer dollars pour into them.

This is the future of America. We have two different visions. Claim the past, which is this vision, or give the children who live in public housing hope. Give them a chance. Give them a chance to live in a place where they can have a fireman or a policeman living next door. Give them a chance where somebody can come over for a cup of coffee, talk about a job that might be available in the place that they work, instead of a place like State Street, where you have 10,000 people warehoused because of the policies of the last few Congresses, an unemployment rate of 99 percent.

Talk about despair. Talk about disgrace. Talk about lack of compassion. That is a lack of compassion. To defend the status quo, to say that that is acceptable. It is not acceptable in America. It is acceptable nowhere in America.

Now what they are talking about is maintaining one of the most important disincentives to work, the Brooke amendment, which has punished people who want to get out of poverty, want to take the opportunity to walk down that path toward employment. It says the minute you go to work, you pay a 30-percent tax. it says that you cannot live under the same rules, if you live in public housing, all of us live under.

Let us consider ourselves here. How would we all like to pay a 30-percent rent on our income? What kind of an artificial bizarre world sets rent based on how much income you make so that the minute you go to work, if you are to take overtime or get a better job or help yourself up the ladder or it you want your other spouse to go to work, the minute that happens, you get penalized, your rent goes up?

What we are saying is, set flat rents that help incentivize work. Mr. Speaker, what we are talking about is fundamental local control, about reclaiming our communities and getting Washington bureaucrats and their one-size-fits-all-20-page-pet regulatory model out of our community so they can do their own job.

Let me tell you about the people who have hands-on experience, Mr. Speaker, the people from the housing authorities themselves and what they say.

The Public Housing Authorities Directors Association says, this legislation would permit badly needed flexibility that PHAs need to move residents up the ladder of self-sufficiency. We strongly support the provisions that would allow for working families flexible ceiling rents that would allow working residents to remain in public housing.

I urge a ''no'' vote for the future of the children in public housing.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. KENNEDY of Massachusetts. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage of the bill.

The vote was taken by electronic device, and there were—ayes 196, noes 226, not voting 11, as follows:

[Roll No. 160]

AYES—196

Abercrombie	Clement	Evans
Ackerman	Clyburn	Farr
Andrews	Coleman	Fattah
Baldacci	Collins (IL)	Fazio
Barcia	Collins (MI)	Fields (LA)
Barrett (WI)	Conyers	Filner
Becerra	Costello	Flake
Beilenson	Coyne	Flanagan
Bentsen	Cramer	Foglietta
Berman	Cummings	Ford
Bishop	Danner	Fox
Blute	de la Garza	Frank (MA)
Boehlert	DeFazio	Frisa
Bonior	DeLauro	Frost
Borski	Dellums	Furse
Boucher	Deutsch	Gejdenson
Browder	Diaz-Balart	Gephardt
Brown (CA)	Dingell	Gibbons
Brown (FL)	Dixon	Gonzalez
Brown (OH)	Doggett	Gordon
Bryant (TX)	Doyle	Green (TX)
Bunn	Durbin	Gutierrez
Chapman	Edwards	Hall (OH)
Clay	Engel	Hamilton
Clayton	Eshoo	Harman

Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Horn
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
LaTourette
Levin
Lewis (GA)
Lincoln
Lowey
Luther
Maloney
Manton
Markey
Martini
Mascara
Matsui
McCarthy
McDermott
McHale
McHugh
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Quinn
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Ros-Lehtinen
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Walsh
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOES—226

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Boehner
Bonilla
Bono
Brewster
Brownback
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Fawell
Fields (TX)
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lucas
Manzullo
Martinez
McCollum
McCrery
McDade
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Petri
Pombo
Porter
Portman
Pryce
Quillen
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Rose
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Upton
Vucanovich
Walker
Wamp
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—11

Bevill
Dickey
Dicks
Ewing
Laughlin
Molinari
Paxon
Schroeder
Tanner
Torricelli
Weldon (PA)

□ 1814

The Clerk announced the following pair:

On this vote:

Mr. Tanner for, with Mr. Paxon against.

Mr. FOX of Pennsylvania and Mr. BLUTE changed their vote from ''no'' to ''aye.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. EWING. Mr. Speaker, on Rollcall No. 160, my card failed to register my vote. I intended to be recorded "No."

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. LAZIO of New York. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 315, noes 107, not voting 11, as follows:

[Roll No. 161]

AYES—315

Ackerman
Allard
Andrews
Archer
Armey
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Berman
Bilbray
Bilirakis
Bishop
Bliley
Boehlert
Boehner
Bonilla
Bono
Brewster
Browder
Brown (CA)
Brown (OH)
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clayton
Clinger
Clyburn
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
de la Garza
Deal
DeLay
Diaz-Balart
Dingell
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Eshoo
Everett
Ewing
Farr
Fawell
Fazio
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennelly
Kim
King
Kingston
Klink
Klug
Knollenberg
Kolbe
LaHood
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lowey
Lucas
Luther
Manzullo
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (CA)
Miller (FL)
Minge
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Obey
Ortiz
Orton
Oxley
Packard
Parker
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Radanovich
Ramstad
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Salmon
Sanford
Sawyer
Saxton
Schaefer
Schiff
Schumer
Scott
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Stupak
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thornberry
Thornton
Tiahrt
Traficant
Upton
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—107

Abercrombie
Barrett (WI)
Becerra
Beilenson
Blute
Bonior
Borski
Boucher
Brown (FL)
Bryant (TX)
Clay
Clement
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cummings
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dixon
Engel
Evans
Fattah
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Gejdenson
Gephardt
Gibbons
Gonzalez
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kennedy (MA)
Kennedy (RI)
Kildee
Kleczka
LaFalce
Levin
Lewis (GA)
Lofgren
Maloney
Manton
Markey
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Mink
Moakley
Mollohan

Nadler	Roybal-Allard	Torres
Neal	Rush	Towns
Oberstar	Sabo	Velazquez
Olver	Sanders	Vento
Owens	Scarborough	Volkmer
Pallone	Serrano	Waters
Pastor	Slaughter	Watt (NC)
Payne (NJ)	Stark	Waxman
Pelosi	Stokes	Williams
Quinn	Studds	Woolsey
Rahall	Thompson	Yates
Rangel	Thurman	
Reed	Torkildsen	

NOT VOTING—11

Bachus	Molinari	Tanner
Bevill	Paxon	Torricelli
Dickey	Royce	Weldon (PA)
Laughlin	Schroeder	

□ 1823

Messrs. DEUTSCH, DICKS, and COSTELLO changed their vote from ''aye'' to ''no.''

Mr. CLYBURN changed his vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. LAZIO of New York. Mr. Speaker, pursuant to section 2 of House Resolution 426, I call up from the Speaker's table the Senate bill (S. 1260) to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The text of S. 1260 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Public Housing Reform and Empowerment Act of 1996''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Effective date.
Sec. 5. Proposed regulations; technical recommendations.
Sec. 6. Elimination of obsolete documents.
Sec. 7. Annual reports.

TITLE I—PUBLIC AND INDIAN HOUSING

Sec. 101. Declaration of policy.
Sec. 102. Membership on board of directors.
Sec. 103. Authority of public housing agencies.
Sec. 104. Definitions.
Sec. 105. Contributions for lower income housing projects.
Sec. 106. Public housing agency plan.
Sec. 107. Contract provisions and requirements.
Sec. 108. Expansion of powers.
Sec. 109. Public housing designated for the elderly and the disabled.
Sec. 110. Public housing capital and operating funds.
Sec. 111. Labor standards.
Sec. 112. Repeal of energy conservation; consortia and joint ventures.
Sec. 113. Repeal of modernization fund.
Sec. 114. Eligibility for public and assisted housing.
Sec. 115. Demolition and disposition of public housing.
Sec. 116. Repeal of family investment centers; voucher system for public housing.
Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.
Sec. 118. Revitalizing severely distressed public housing.
Sec. 119. Mixed-income and mixed-ownership projects.
Sec. 120. Conversion of distressed public housing to tenant-based assistance.
Sec. 121. Public housing mortgages and security interests.
Sec. 122. Linking services to public housing residents.
Sec. 123. Applicability to Indian housing.

TITLE II—SECTION 8 RENTAL ASSISTANCE

Sec. 201. Merger of the certificate and voucher programs.
Sec. 202. Repeal of Federal preferences.
Sec. 203. Portability.
Sec. 204. Leasing to voucher holders.
Sec. 205. Homeownership option.
Sec. 206. Technical and conforming amendments.
Sec. 207. Implementation.
Sec. 208. Definition.
Sec. 209. Effective date.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Public housing flexibility in the CHAS.
Sec. 302. Repeal of certain provisions.
Sec. 303. Determination of income limits.
Sec. 304. Demolition of public housing.
Sec. 305. Coordination of tax credits and section 8.
Sec. 306. Eligibility for public and assisted housing.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) the inventory of public housing units owned and operated by public housing agencies, an asset in which the Federal Government has invested approximately $90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;

(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;

(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations aggravates the problem and places excessive administrative burdens on public housing agencies;

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to both public housing tenants and localities; and

(D) rewards employment and economic self-sufficiency of public housing tenants;

(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families; and

(7) the needs of Indian families residing on Indian reservations and other Indian areas will best be served by providing programs specifically designed to meet the needs of Indian communities while promoting tribal self-governance and self-determination.

(b) PURPOSES.—The purposes of this Act are—

(1) to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation;

(2) to redirect the responsibility for a consolidated program to States, Indian tribes, localities, public housing agencies, and public housing tenants;

(3) to require Federal action to overcome problems of public housing agencies with severe management deficiencies; and

(4) to consolidate and streamline tenant-based assistance programs.

SEC. 3. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) PUBLIC HOUSING AGENCY.—The term ''public housing agency'' has the same meaning as in section 3 of the United States Housing Act of 1937.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 4. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act or the amendments made by this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

SEC. 5. PROPOSED REGULATIONS; TECHNICAL RECOMMENDATIONS.

(a) PROPOSED REGULATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Congress proposed regulations that the Secretary determines are necessary to carry out the United States Housing Act of 1937, as amended by this Act.

(b) TECHNICAL RECOMMENDATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming legislative changes necessary to carry out this Act and the amendments made by this Act.

SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.

Effective 1 year after the date of enactment of this Act, no rule, regulation, or order (including all handbooks, notices, and related requirements) pertaining to public housing or section 8 tenant-based programs issued or promulgated under the United States Housing Act of 1937 before the date of enactment of this Act may be enforced by the Secretary.

SEC. 7. ANNUAL REPORTS.

Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit a report to the Congress on the impact of the amendments made by this Act on—

(1) the demographics of public housing tenants and families receiving tenant-based assistance under the United States Housing Act of 1937; and

(2) the economic viability of public housing agencies.

TITLE I—PUBLIC AND INDIAN HOUSING

SEC. 101. DECLARATION OF POLICY.

Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended to read as follows:

''SEC. 2. DECLARATION OF POLICY.

''It is the policy of the United States to promote the general welfare of the Nation by

employing the funds and credit of the Nation, as provided in this title—

''(1) to assist States, Indian tribes, and political subdivisions of States to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families;

''(2) to assist States, Indian tribes, and political subdivisions of States to address the shortage of housing affordable to low-income families; and

''(3) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to both public housing tenants and localities.''.

SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

''SEC. 27. MEMBERSHIP ON BOARD OF DIRECTORS.

''(a) REQUIRED MEMBERSHIP.—Except as provided in subsection (b), the membership of the board of directors of each public housing agency shall contain not less than 1 member who is a resident of a public housing project operated by the public housing agency.

''(b) EXCEPTION.—Subsection (a) shall not apply to any public housing agency in any State that requires the members of the board of directors of a public housing agency to be salaried and to serve on a full-time basis.

''(c) NONDISCRIMINATION.—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a public housing project.''.

SEC. 103. AUTHORITY OF PUBLIC HOUSING AGENCIES.

(a) AUTHORITY OF PUBLIC HOUSING AGENCIES.—

(1) IN GENERAL.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

''(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—Notwithstanding paragraph (1), a public housing agency may adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than the actual monthly costs—

''(i) to operate the housing of the public housing agency; and

''(ii) to make a deposit to a replacement reserve (in the sole discretion of the public housing agency).

''(B) MINIMUM RENT.—Notwithstanding paragraph (1), a public housing agency may provide that each family residing in a public housing project or receiving tenant-based or project-based assistance under section 8 shall pay a minimum monthly rent in an amount not to exceed $25 per month.

''(C) POLICE OFFICERS.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing unit. The number and location of units occupied by police officers under this clause, and the terms and conditions of their tenancies, shall be determined by the public housing agency.

''(ii) DEFINITION.—As used in this subparagraph, the term 'police officer' means any person determined by a public housing agency to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State, tribal, or local government or by any agency thereof (including a public housing agency having an accredited police force).

''(D) ENCOURAGEMENT OF SELF-SUFFICIENCY.—Each public housing agency shall develop a rental policy that encourages and rewards employment and economic self-sufficiency.''.

(2) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall, by regulation, after notice and an opportunity for public comment, establish such requirements as may be necessary to carry out section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by paragraph (1).

(B) TRANSITION RULE.—Prior to the issuance of final regulations under paragraph (1), a public housing agency may implement ceiling rents, which shall be—

(i) determined in accordance with section 3(a)(2)(A) of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act;

(ii) equal to the 95th percentile of the rent paid for a unit of comparable size by tenants in the same public housing project or a group of comparable projects totaling 50 units or more; or

(iii) equal to the fair market rent for the area in which the unit is located.

(b) NONTROUBLED PUBLIC HOUSING AGENCIES.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437(a)) is amended by adding at the end the following new paragraph:

''(3) NONTROUBLED PUBLIC HOUSING AGENCIES.—

''(A) IN GENERAL.—Notwithstanding the rent calculation formula in paragraph (1), and subject to subparagraph (B), the Secretary shall permit a public housing agency, other than a public housing agency determined to be troubled pursuant to 6(j), to determine the amount that a family residing in public housing shall pay as rent.

''(B) LIMITATION.—With respect to a family whose income is equal to or less than 50 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, a public housing agency may not require a family to pay as rent under subparagraph (A) an amount that exceeds the greatest of—

''(i) 30 percent of the monthly adjusted income of the family;

''(ii) 10 percent of the monthly income of the family;

''(iii) if the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that public agency to meet the housing costs of the family, the portion of those payments that is so designated; and

''(iv) $25.''.

SEC. 104. DEFINITIONS.

(a) DEFINITIONS.—

(1) SINGLE PERSONS.—Section 3(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended—

(A) in subparagraph (A), in the third sentence, by striking ''the Secretary shall'' and all that follows before the period at the end and inserting the following: ''the public housing agency may give preference to single persons who are elderly or disabled persons before single persons who are otherwise eligible''; and

(B) in subparagraph (B), in the second sentence, by striking ''regulations of the Secretary'' and inserting ''public housing agency plan''.

(2) ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:

''(5) ADJUSTED INCOME.—The term 'adjusted income' means the income that remains after excluding—

''(A) $480 for each member of the family residing in the household (other than the head of the household or the spouse of the head of the household)—

''(i) who is under 18 years of age; or

''(ii) who is—

''(I) 18 years of age or older; and

''(II) a person with disabilities or a full-time student;

''(B) $400 for an elderly or disabled family;

''(C) the amount by which the aggregate of—

''(i) medical expenses for an elderly or disabled family; and

''(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

''(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;

''(E) with respect to a family assisted by an Indian housing authority only, excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel; and

''(F) any other income that the public housing agency determines to be appropriate, as provided in the public housing agency plan.''.

(3) INDIAN HOUSING AUTHORITY; INDIAN TRIBE.—

(A) IN GENERAL.—Section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) is amended by striking paragraphs (11) and (12) and inserting the following:

''(11) INDIAN HOUSING AUTHORITY.—The term 'Indian housing authority' means any entity that—

''(A) is authorized to engage or assist in the development or operation of low-income housing for Indians; and

''(B) is established—

''(i) by exercise of the power of self-government of an Indian tribe, independent of State law; or

''(ii) by operation of State law authorizing or enabling an Indian tribe to create housing authorities for Indians, including regional housing authorities in the State of Alaska.

''(12) INDIAN TRIBE.—The term 'Indian tribe' means the governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior acknowledges to exist as an Indian Tribe, pursuant to the Federally Recognized Indian Tribe List Act of 1994.''.

(B) APPLICABILITY.—The amendment made by subparagraph (A) does not affect the existence, or the ability to operate, of any Indian housing authority established before the date of enactment of this Act by any State recognized tribe, band, pueblo, group, community, or nation of Indians or Alaska Natives that does not qualify as an Indian tribe under section 3(b) of the United States Housing Act of 1937, as amended by this paragraph.

(b) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

(1) IN GENERAL.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(A) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of Public Law 101–625); and

(B) by adding at the end the following new subsection:

''(d) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under subsection (a) by a family—

''(A) that—

''(i) occupies a unit in a public housing project; or

''(ii) receives assistance under section 8; and

''(B) whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program);

may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

''(2) PHASE-IN OF RATE INCREASES.—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1)(B) shall be phased in over a subsequent 3-year period.

''(3) OVERALL LIMITATION.—Rent payable under subsection (a) shall not exceed the amount determined under subsection (a).''.

(2) APPLICABILITY OF AMENDMENT.—

(A) PUBLIC HOUSING.—Notwithstanding the amendment made by paragraph (1), any tenant of public housing participating in the program under the authority contained in the undesignated paragraph at the end of section 3(c)(3) of the United States Housing Act of 1937, as that paragraph existed on the day before the date of enactment this Act, shall be governed by that authority after that date.

(B) SECTION 8.—The amendment made by paragraph (1) shall apply to tenant-based assistance provided under section 8 of the United States Housing Act of 1937, with funds appropriated on or after October 1, 1996.

(c) DEFINITIONS OF TERMS USED IN REFERENCE TO PUBLIC HOUSING.—

(1) IN GENERAL.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended—

(A) in paragraph (1), by inserting ''and of the fees and related costs normally involved in obtaining non-Federal financing and tax credits with or without private and nonprofit partners'' after ''carrying charges''; and

(B) in paragraph (2), in the first sentence, by striking ''security personnel),'' and all that follows through the period and inserting the following: ''security personnel), service coordinators, drug elimination activities, or financing in connection with a public housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.''.

(2) TECHNICAL CORRECTION.—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3817) is amended by striking '''project.''' and inserting ''paragraph (3)''.

(3) NEW DEFINITIONS.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended by adding at the end the following new paragraphs:

''(6) PUBLIC HOUSING AGENCY PLAN.—The term 'public housing agency plan' means the plan of the public housing agency prepared in accordance with section 5A.

''(7) DISABLED HOUSING.—The term 'disabled housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency for occupancy exclusively by disabled persons or families.

''(8) ELDERLY HOUSING.—The term 'elderly housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency exclusively for occupancy exclusively by elderly persons or families, including elderly disabled persons or families.

''(9) MIXED-INCOME PROJECT.—The term 'mixed-income project' means a public housing project that meets the requirements of section 28.

''(10) CAPITAL FUND.—The term 'Capital Fund' means the fund established under section 9(c).

''(11) OPERATING FUND.—The term 'Operating Fund' means the fund established under section 9(d).''.

SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING PROJECTS.

(a) IN GENERAL.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by striking subsections (h) through (l).

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 21(d), by striking ''section 5(h) or'';

(2) in section 25(l)(1), by striking ''and for sale under section 5(h)''; and

(3) in section 307, by striking ''section 5(h) and''.

SEC. 106. PUBLIC HOUSING AGENCY PLAN.

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by inserting after section 5 the following new section:

''SEC. 5A. PUBLIC HOUSING AGENCY PLAN.

''(a) IN GENERAL.—

''(1) SUBMISSION.—Each public housing agency shall submit to the Secretary a written public housing agency plan developed in accordance with this section.

''(2) CONSISTENCY REQUIREMENT.—Each public housing agency plan submitted to the Secretary under paragraph (1) shall be—

''(A) made in consultation with the local advisory board established under subsection (c);

''(B) consistent with the comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, as provided under title I of the Cranston-Gonzalez National Affordable Housing Act, or, with respect to any Indian tribe, a comprehensive plan developed by the Indian tribe, if applicable; and

''(C) accompanied by a certification by an appropriate State, tribal, or local public official that the plan meets the requirements of subparagraph (B).

''(b) CONTENTS.—Each public housing agency plan shall contain, at a minimum, the following:

''(1) CERTIFICATION.—

''(A) IN GENERAL.—With respect to a public housing agency that has not received assistance under this title as of the date on which the public housing agency plan of that public housing agency is submitted, or a public housing agency that is subject to amended authority, a written certification that the public housing agency is a governmental entity or public body (or an agency or instrumentality thereof) that is authorized to engage or assist in the development or operation of low-income housing under this title.

''(B) IDENTIFICATION OF CERTAIN REFERENCES.—Subject to subparagraph (A), any reference in any provision of law of the jurisdiction authorizing the creation of the public housing agency shall be identified and any legislative declaration of purpose in regard thereto shall be set forth in the certification with full text.

''(2) STATEMENT OF POLICY.—An annual statement of policy identifying the primary goals and objectives of the public housing agency for the year for which the statement is submitted, together with any major developments, projects, or programs, including all proposed costs and activities carried out with the use of Capital Fund and Operating Fund distributions made available to the public housing agency under section 9.

''(3) STATEMENT OF NEEDS.—An annual statement of the housing needs of low-income families residing in the community, and of other low-income families on the waiting list of the public housing agency (including the housing needs of elderly families and disabled families), and the means by which the public housing agency intends, to the maximum extent practicable, to address those needs.

''(4) GENERAL POLICIES, RULES, AND REGULATIONS.—The policies, rules, and regulations of the public housing agency regarding—

''(A) the requirements for the selection and admission of eligible families into the program or programs of the public housing agency, including—

''(i) tenant screening policies;

''(ii) any preferences or priorities for selection and admission;

''(iii) annual income verification procedures; and

''(iv) requirements relating to the administration of any waiting lists of the public housing agency;

''(B) the procedure for assignment of families admitted into the program to dwelling units owned, leased, managed, or assisted by the public housing agency;

''(C) the requirements for occupancy of dwelling units, including all standard lease provisions, and conditions for continued occupancy, termination, and eviction;

''(D) procedures for establishing rents, including ceiling rents and adjustments to income; and

''(E) procedures for designating certain public housing projects, or portions of projects, for occupancy by elderly families, disabled families, or by elderly and disabled families.

''(5) OPERATION AND MANAGEMENT.—The policies, rules, and regulations relating to the management of the public housing agency, and the public housing projects and programs of the public housing agency, including—

''(A) a description of the manner in which the public housing agency is organized (including any consortia or joint ventures) and staffed to perform the duties and functions of the public housing agency and to administer the Operating Fund distributions of the public housing agency;

''(B) policies relating to the rental of dwelling units owned or operated by the public housing agency, including policies designed to reduce vacancies;

''(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

''(D) policies relating to the management and operation, or participation in mixed-income projects, if applicable;

''(E) policies relating to services and amenities provided or offered to assisted families, including the provision of service coordinators and services designed for certain populations, such as the elderly and disabled;

''(F) procedures for implementing the work requirements of section 12(c);

''(G) procedures for identifying management weaknesses;

''(H) objectives for improving management practices;

''(I) a description of management initiatives to control the costs of operating the public housing agency;

''(J) a plan for preventative maintenance and a plan for routine maintenance;

''(K) policies relating to any plans for converting public housing to a system of tenant-based assistance; and

''(L) policies relating to the operation of any homeownership programs.

''(6) CAPITAL FUND REQUIREMENTS.—The policies, rules, and regulations relating to the management and administration of the Capital Fund distributions of the public housing agency, including—

''(A) the capital needs of the public housing agency;

''(B) plans for capital expenditures related to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

''(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

''(D) policies relating to the capital requirements of mixed-income projects, if applicable;

''(E) an annual plan and, if appropriate, a 5-year plan of the public housing agency for the capital needs of the existing dwelling units of the public housing agency, each of which shall include a general statement identifying the long-term viability and physical condition of each of the public housing projects and other property of the public housing agency, including cost estimates;

''(F) a plan to handle emergencies and other disasters;

''(G) the use of funds for new or additional units, including capital contributions to mixed-income projects, if applicable;

''(H) any plans for the sale of existing dwelling units to low-income residents or organizations acting as conduits for sales to such residents under a homeownership plan;

''(I) any plans for converting public housing units to a system of tenant-based assistance; and

''(J) any plans for demolition and disposition of public housing units, including any plans for replacement units and any plans providing for the relocation of residents who will be displaced by a demolition or disposition of units.

''(7) ECONOMIC AND SOCIAL SELF-SUFFICIENCY PROGRAMS.—A description of any policies, programs, plans, and activities of the public housing agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the public housing agency.

''(8) ANNUAL AUDIT.—The results of an annual audit (including any audit of management practices, as required by the Secretary) of the public housing agency, which shall be conducted by an independent certified public accounting firm pursuant to generally accepted accounting principles.

''(c) LOCAL ADVISORY BOARD.—

''(1) IN GENERAL.—Except as provided in paragraph (5), each public housing agency shall establish one or more local advisory boards in accordance with this subsection, the membership of which shall adequately reflect and represent all of the residents of the dwelling units owned, operated, or assisted by the public housing agency.

''(2) MEMBERSHIP.—Each local advisory board established under this subsection shall be composed of the following members:

''(A) TENANTS.—Not less than 60 percent of the members of the board shall be tenants of dwelling units owned, operated, or assisted by the public housing agency, including representatives of any resident organizations.

''(B) OTHER MEMBERS.—The members of the board, other than the members described in subparagraph (A), shall include—

''(i) representatives of the community in which the public housing agency is located; and

''(ii) local government officials of the community in which the public housing agency is located.

''(3) PURPOSE.—Each local advisory board established under this subsection shall assist and make recommendations regarding the development of the public housing agency plan. The public housing agency shall consider the recommendations of the local advisory board in preparing the final public housing agency plan, and shall include a copy of those recommendations in the public housing agency plan submitted to the Secretary under this section.

''(4) INAPPLICABILITY TO INDIAN HOUSING.—This subsection does not apply to an Indian housing authority.

''(5) WAIVER.—The Secretary may waive the requirements of this subsection with respect to tenant representation on the local advisory board of a public housing agency, if the public housing agency demonstrates to the satisfaction of the Secretary that a resident council or other tenant organization of the public housing agency adequately represents the interests of the tenants of the public housing agency.

''(d) PUBLICATION OF NOTICE.—

''(1) IN GENERAL.—Not later than 45 days before the date of a hearing conducted under paragraph (2) by the governing body of a public housing agency, the public housing agency shall publish a notice informing the public that—

''(A) the proposed public housing agency plan is available for inspection at the principal office of the public housing agency during normal business hours; and

''(B) a public hearing will be conducted to discuss the public housing agency plan and to invite public comment regarding that plan.

''(2) PUBLIC HEARING.—Each public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1).

''(3) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2), and after considering all public comments received and, in consultation with the local advisory board, making any appropriate changes in the public housing agency plan, the public housing agency shall—

''(A) adopt the public housing agency plan; and

''(B) submit the plan to the Secretary in accordance with this section.

''(e) COORDINATED PROCEDURES.—Each public housing agency (other than an Indian housing authority) shall, in conjunction with the State or relevant unit of general local government, establish procedures to ensure that the public housing agency plan required by this section is consistent with the applicable comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act.

''(f) AMENDMENTS AND MODIFICATIONS TO PLANS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that no such significant amendment or modification may be adopted or implemented—

''(A) other than at a duly called meeting of commissioners (or other comparable governing body) of the public housing agency that is open to the public; and

''(B) until notification of the amendment or modification is provided to the Secretary and approved in accordance with subsection (g)(2).

''(2) CONSISTENCY.—Each significant amendment or modification to a public housing agency plan submitted to the Secretary under this section shall—

''(A) meet the consistency requirement of subsection (a)(2);

''(B) be subject to the notice and public hearing requirements of subsection (d); and

''(C) be subject to approval by the Secretary in accordance with subsection (g)(2).

''(g) TIMING OF PLANS.—

''(1) IN GENERAL.—

''(A) INITIAL SUBMISSION.—Each public housing agency shall submit the initial plan required by this section, and any amendment or modification to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.

''(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

''(2) REVIEW AND APPROVAL.—

''(A) REVIEW.—After submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the extent that the Secretary considers such action to be necessary to make determinations under this subparagraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

''(i) set forth the information required by this section to be contained in a public housing agency plan;

''(ii) are consistent with information and data available to the Secretary; and

''(iii) are prohibited by or inconsistent with any provision of this title or other applicable law.

''(B) APPROVAL.—

''(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 60 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

''(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the 60-day period described in clause (i), the public housing agency plan shall be deemed to be approved by the Secretary.

''(3) SECRETARIAL DISCRETION.—

''(A) IN GENERAL.—The Secretary may require such additional information as the Secretary determines to be appropriate for each public housing agency that is—

''(i) at risk of being designated as troubled under section 6(j); or

''(ii) designated as troubled under section 6(j).

''(B) TROUBLED AGENCIES.—The Secretary shall provide explicit written approval or disapproval, in a timely manner, for a public housing agency plan submitted by any public housing agency designated by the Secretary as a troubled public housing agency under section 6(j).

''(4) STREAMLINED PLAN.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—

''(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies; and

''(B) public housing agencies with less than 250 public housing units that have not been designated as troubled under section 6(j).''.

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall promulgate final regulations implementing section 5A of the United States Housing Act of 1937, as added by subsection (a) of this section.

(3) INDIAN HOUSING AUTHORITIES.—In carrying out this subsection, the Secretary may implement separate rules and regulations for the Indian housing program.

(c) AUDIT AND REVIEW; REPORT.—

(1) AUDIT AND REVIEW.—Not later than 1 year after the effective date of final regulations promulgated under subsection (b)(2), in order to determine the degree of compliance with public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section, by public housing agencies, the Comptroller General of the United States shall conduct—

(A) a review of a representative sample of the public housing agency plans approved under such section 5A before that date; and

(B) an audit and review of the public housing agencies submitting those plans.

(2) REPORT.—Not later than 2 years after the date on which public housing agency plans are initially required to be submitted under section 5A of the United States Housing Act of 1937, as added by this section, the Comptroller General of the United States shall submit to the Congress a report, which shall include—

(A) a description of the results of each audit and review under paragraph (1); and

(B) any recommendations for increasing compliance by public housing agencies with their public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section.

SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.

(a) CONDITIONS.—Section 6(a) of the United States Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

(1) in the first sentence, by inserting '', in a manner consistent with the public housing agency plan'' before the period; and

(2) by striking the second sentence.

(b) REPEAL OF FEDERAL PREFERENCES; REVISION OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:

''(c) [Reserved.]''.

(c) EXCESS FUNDS.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

''(e) [Reserved.]''.

(d) PERFORMANCE INDICATORS FOR PUBLIC HOUSING AGENCIES.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) by striking ''obligated'' and inserting ''provided''; and

(ii) by striking ''unexpended'' and inserting ''unobligated by the public housing agency'';

(B) in subparagraph (D), by striking ''energy'' and inserting ''utility'';

(C) by redesignating subparagraph (H) as subparagraph (J); and

(D) by inserting after subparagraph (G) the following new subparagraphs:

''(H) The extent to which the public housing agency provides—

''(i) effective programs and activities to promote the economic self-sufficiency of public housing tenants; and

''(ii) public housing tenants with opportunities for involvement in the administration of the public housing.

''(I) The extent to which the public housing agency successfully meets the goals and carries out the activities and programs of the public housing agency plan under section 5(A).''; and

(2) in paragraph (2)(A)(i), by inserting after the first sentence the following: ''The Secretary may use a simplified set of indicators for public housing agencies with less than 250 public housing units.''.

(e) LEASES.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (3), by striking ''not be less than'' and all that follows before the semicolon and inserting ''be the period of time required under State law''; and

(2) in paragraph (5), by striking ''on or near such premises''.

(f) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE CHILDREN.—Section 6(o) of the United States Housing Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking ''Subject'' and all that follows through '', in'' and inserting ''In''.

(g) PREFERENCE FOR AREAS WITH INADEQUATE SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)) is amended to read as follows:

''(p) [Reserved.]''.

(h) AVAILABILITY OF CRIMINAL RECORDS FOR SCREENING AND EVICTION; EVICTION FOR DRUG-RELATED ACTIVITY.—Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended by adding at the end the following new subsections:

''(q) AVAILABILITY OF RECORDS.—

''(1) IN GENERAL.—

''(A) PROVISION OF INFORMATION.—Notwithstanding any other provision of law, except as provided in subparagraph (B), the National Crime Information Center, police departments, and other law enforcement agencies shall, upon request, provide information to public housing agencies regarding the criminal conviction records of adult applicants for, or tenants of, public housing for purposes of applicant screening, lease enforcement, and eviction.

''(B) EXCEPTION.—Except as provided under any provision of State, tribal, or local law, no law enforcement agency described in subparagraph (A) shall provide information under this paragraph relating to any criminal conviction if the date of that conviction occurred 5 or more years prior to the date on which the request for the information is made.

''(2) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken on the basis of a criminal record, the public housing agency shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

''(3) FEE.—A public housing agency may be charged a reasonable fee for information provided under paragraph (1).

''(4) RECORDS MANAGEMENT.—Each public housing agency shall establish and implement a system of records management that ensures that any criminal record received by the public housing agency is—

''(A) maintained confidentially;

''(B) not misused or improperly disseminated; and

''(C) destroyed, once the purpose for which the record was requested has been accomplished.

''(5) DEFINITION.—For purposes of this subsection, the term 'adult' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

''(r) EVICTION FOR DRUG-RELATED ACTIVITY.—Any tenant evicted from housing assisted under this title by reason of drug-related criminal activity (as that term is defined in section 8(f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver of this subsection if the circumstances leading to eviction no longer exist).''.

(i) TRANSITION RULE RELATING TO PREFERENCES.—During the period beginning on the date of enactment of this Act and ending on the date on which the initial public housing agency plan of a public housing agency is approved under section 5A of the United States Housing Act of 1937, as added by this Act, the public housing agency may establish local preferences for making available public housing under the United States Housing Act of 1937 and for providing tenant-based assistance under section 8 of that Act.

SEC. 108. EXPANSION OF POWERS.

(a) IN GENERAL.—Section 6(j)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)(3)) is amended—

(1) in subparagraph (A)—

(A) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(B) by inserting after clause (ii) the following new clause:

''(iii) take possession of the public housing agency, including any project or function of the agency, including any project or function under any other provision of this title;'';

(2) by redesignating subparagraphs (B) through (D) as subparagraphs (E) through (G), respectively;

(3) by inserting after subparagraph (A) the following new subparagraphs:

''(B)(i) If a public housing agency is identified as troubled under this subsection, the Secretary shall notify the agency of the troubled status of the agency.

''(ii) The Secretary may give a public housing agency a 1-year period, beginning on the later of the date on which the agency receives notice from the Secretary of the troubled status of the agency under clause (i), and the date of enactment of the Public Housing Reform and Empowerment Act of 1995, within which to demonstrate improvement satisfactory to the Secretary. Nothing in this clause shall preclude the Secretary from taking any action the Secretary considers necessary before the commencement or the expiration of the 1-year period described in this clause.

''(iii) Upon the expiration of the 1-year period described in clause (ii), if the troubled public housing agency has not demonstrated improvement satisfactory to the Secretary and the Secretary has not yet declared the agency to be in breach of the contract of the agency with the Federal Government under this title, the Secretary shall declare the public housing agency to be in substantial default, as described in subparagraph (A).

''(iv) Upon declaration of a substantial default under clause (iii), the Secretary—

''(I) shall either—

''(aa) petition for the appointment of a receiver pursuant to subparagraph (A)(ii);

''(bb) take possession of the public housing agency or any public housing projects of the public housing agency pursuant to subparagraph (A)(iii); or

''(cc) take such actions as the Secretary determines to be necessary to cure the substantial default; and

''(II) may, in addition, take other appropriate action.

''(C)(i) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—

''(I) may abrogate any contract that substantially impedes correction of the substantial default;

''(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

''(III) if determined to be appropriate by the Secretary, may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies; and

''(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impedes correction of the substantial default.

''(ii) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title.

''(D)(i) If the Secretary takes possession of a public housing agency, or any project or function of the agency, pursuant to subparagraph (A)(iii), the Secretary—

''(I) may abrogate any contract that substantially impedes correction of the substantial default;

''(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

''(III) may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies;

''(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impedes correction of the substantial default; and

''(V) shall have such additional authority as a district court of the United States has conferred under like circumstances on a receiver to fulfill the purposes of the receivership.

''(ii) The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary under this subparagraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

''(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to clause (i)(III), unless the Secretary first approves an application by the administrative receiver to authorize such establishment.

''(iv) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title.''; and

(4) by adding at the end the following new subparagraph:

''(H) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of a public housing agency (including any project or function of the agency), or if a receiver is appointed by a court, the Secretary or receiver shall be deemed to be acting not in the official capacity of that person or entity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to that liability occurred while the Secretary or receiver was in possession of the public housing agency (including any project or function of the agency), shall be the liability of the public housing agency.''.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a public housing agency that is found to be in substantial default, on or after the date of enactment of this Act, with respect to the covenants or conditions to which the agency is subject (as such substantial default is defined in the contract for contributions of the agency) or with respect to an agreement entered into under section 6(j)(2)(C) of the United States Housing Act of 1937.

SEC. 109. PUBLIC HOUSING DESIGNATED FOR THE ELDERLY AND THE DISABLED.

(a) IN GENERAL.—Section 7 of the United States Housing Act of 1937 (42 U.S.C. 1437e) is amended to read as follows:

''SEC. 7. AUTHORITY TO PROVIDE DESIGNATED HOUSING.

''(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in the discretion of the public housing agency and without approval by the Secretary, designate public housing projects or mixed-income projects (or portions of projects) for occupancy as elderly housing, disabled housing, or elderly and disabled housing. The public housing agency shall establish requirements for this section, including priorities for occupancy, in the public housing agency plan.

''(b) PRIORITY FOR OCCUPANCY.—

''(1) IN GENERAL.—In determining priority for admission to public housing projects (or portions of projects) that are designated for occupancy under this section, the public housing agency may make units in such projects (or portions of projects) available only to the types of families for whom the project is designated.

''(2) ELIGIBILITY OF NEAR-ELDERLY FAMILIES.—If a public housing agency determines that there are insufficient numbers of elderly families to fill all the units in a public housing project (or portion thereof) designated under this section for occupancy by only elderly families, the agency may provide that near-elderly families who qualify for occupancy may occupy dwelling units in the public housing project (or portion thereof).

''(3) VACANCY.—Notwithstanding paragraphs (1) and (2), in designating a public housing project (or portion thereof) for occupancy by only certain types of families under this section, a public housing agency shall make any dwelling unit that is ready for occupancy in such a project (or portion thereof) that has been vacant for more than 60 consecutive days generally available for occupancy (subject to this title) without regard to that designation.

''(c) AVAILABILITY OF HOUSING.—

''(1) TENANT CHOICE.—The decision of any disabled family not to occupy or accept occupancy in an appropriate public housing project or to otherwise accept any assistance made available to the family under this title shall not adversely affect the family with respect to a public housing agency making available occupancy in other appropriate public housing projects or to otherwise make assistance available to that family under this title.

''(2) DISCRIMINATORY SELECTION.—Paragraph (1) does not apply to any family that decides not to occupy or accept an appropriate dwelling unit in public housing or to accept assistance under this Act on the basis of the race, color, religion, gender, disability, familial status, or national origin of occupants of the housing or the surrounding area.

''(3) APPROPRIATENESS OF DWELLING UNITS.—This section may not be construed to require a public housing agency to offer occupancy in any dwelling unit assisted under this Act to any family that is not of appropriate family size for the dwelling unit.

''(d) PROHIBITION OF EVICTIONS.—Any tenant who is lawfully residing in a dwelling unit in a public housing project may not be evicted or otherwise required to vacate that unit as a result of the designation of the public housing project (or portion thereof) under this section or as a result of any other action taken by the Secretary or any public housing agency pursuant to this section.

''(e) LIMITATION ON OCCUPANCY IN DESIGNATED PROJECTS.—

''(1) OCCUPANCY LIMITATION.—Notwithstanding any other provision of law, a dwelling unit in a public housing project (or portion of a project) that is designated under subsection (a) shall not be occupied by any person whose illegal use (or pattern of illegal use) of a controlled substance or abuse (or pattern of abuse) of alcohol—

''(A) constitutes a disability; and

''(B) provides reasonable cause for the public housing agency to believe that such occupancy could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

''(2) REQUIRED STATEMENT.—A public housing agency may not make a dwelling unit in a public housing project (or portion of a project) designated under subsection (a) available for occupancy to any family, unless the application for occupancy by that family is accompanied by a signed statement that no person who will be occupying the unit illegally uses a controlled substance, or abuses alcohol, in a manner that would interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.''.

(b) LEASE PROVISIONS.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (5), by striking ''and'' at the end;

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) following new paragraph:

''(6) provide that any occupancy in violation of section 7(e)(1) or the furnishing of any false or misleading information pursuant to section 7(e)(2) shall be cause for termination of tenancy; and''.

(c) CONFORMING AMENDMENT.—Section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437(b)(4)(A)) is amended by striking ''section 7(a)'' and inserting ''section 7''.

SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

(a) IN GENERAL.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended to read as follows:

''SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

''(a) IN GENERAL.—Except for assistance provided under section 8 of this Act or as otherwise provided in the Public Housing Reform and Empowerment Act of 1995, all programs under which assistance is provided for

public housing under this Act on the day before October 1, 1997, shall be merged, as appropriate, into either—

''(1) the Capital Fund established under subsection (c); or

''(2) the Operating Fund established under subsection (d).

''(b) USE OF EXISTING FUNDS.—With the exception of funds made available pursuant to section 8 or section 20(f) and funds made available for the urban revitalization demonstration program authorized under the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Acts—

''(1) funds made available to the Secretary for public housing purposes that have not been obligated by the Secretary to a public housing agency as of October 1, 1997, shall be made available, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate; and

''(2) funds made available to the Secretary for public housing purposes that have been obligated by the Secretary to a public housing agency but that, as of October 1, 1997, have not been obligated by the public housing agency, may be made available by that public housing agency, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate.

''(c) CAPITAL FUND.—

''(1) IN GENERAL.—The Secretary shall establish a Capital Fund for the purpose of making assistance available to public housing agencies to carry out capital and management activities, including—

''(A) the development and modernization of public housing projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the development of mixed-income projects;

''(B) vacancy reduction;

''(C) addressing deferred maintenance needs and the replacement of dwelling equipment;

''(D) planned code compliance;

''(E) management improvements;

''(F) demolition and replacement;

''(G) tenant relocation;

''(H) capital expenditures to facilitate programs to improve the economic empowerment and self-sufficiency of public housing tenants; and

''(I) capital expenditures to improve the security and safety of residents.

''(2) ESTABLISHMENT OF CAPITAL FUND FORMULA.—The Secretary shall develop a formula for providing assistance under the Capital Fund, which may take into account—

''(A) the number of public housing dwelling units owned or operated by the public housing agency and the percentage of those units that are occupied by very low-income families;

''(B) if applicable, the reduction in the number of public housing units owned or operated by the public housing agency as a result of any conversion to a system of tenant-based assistance;

''(C) the costs to the public housing agency of meeting the rehabilitation and modernization needs, and meeting the reconstruction, development, and demolition needs of public housing dwelling units owned and operated by the public housing agency;

''(D) the degree of household poverty served by the public housing agency;

''(E) the costs to the public housing agency of providing a safe and secure environment in public housing units owned and operated by the public housing agency; and

''(F) the ability of the public housing agency to effectively administer the Capital Fund distribution of the public housing agency.

''(d) OPERATING FUND.—

''(1) IN GENERAL.—The Secretary shall establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing, including—

''(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

''(B) activities to ensure a program of routine preventative maintenance;

''(C) anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants;

''(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities;

''(E) activities to provide for management and participation in the management of public housing by public housing tenants;

''(F) the costs associated with the operation and management of mixed-income projects, to the extent appropriate (including the funding of an operating reserve to ensure affordability for low-income families in lieu of the availability of operating funds for public housing units in a mixed-income project);

''(G) the reasonable costs of insurance;

''(H) the reasonable energy costs associated with public housing units, with an emphasis on energy conservation; and

''(I) the costs of administering a public housing work program under section 12, including the costs of any related insurance needs.

''(2) ESTABLISHMENT OF OPERATING FUND FORMULA.—The Secretary shall establish a formula for providing assistance under the Operating Fund, which may take into account—

''(A) standards for the costs of operation and reasonable projections of income, taking into account the character and location of the public housing project and characteristics of the families served, or the costs of providing comparable services as determined with criteria or a formula representing the operations of a prototype well-managed public housing project;

''(B) the number of public housing dwelling units owned and operated by the public housing agency, the percentage of those units that are occupied by very low-income families, and, if applicable, the reduction in the number of public housing units as a result of any conversion to a system of tenant-based assistance;

''(C) the degree of household poverty served by a public housing agency;

''(D) the extent to which the public housing agency provides programs and activities designed to promote the economic self-sufficiency and management skills of public housing tenants;

''(E) the number of dwelling units owned and operated by the public housing agency that are chronically vacant and the amount of assistance appropriate for those units;

''(F) the costs of the public housing agency associated with anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants; and

''(G) the ability of the public housing agency to effectively administer the Operating Fund distribution of the public housing agency.

''(e) LIMITATIONS ON USE OF FUNDS.—

''(1) IN GENERAL.—Each public housing agency may use not more than 20 percent of the Capital Fund distribution of the public housing agency for activities that are eligible for assistance under the Operating Fund under subsection (d), if the public housing agency plan provides for such use.

''(2) NEW CONSTRUCTION.—

''(A) IN GENERAL.—A public housing agency may not use any of the Capital Fund or Operating Fund distributions of the public housing agency for the purpose of constructing any public housing unit, if such construction would result in a net increase in the number of public housing units owned or operated by the public housing agency on the date of enactment of the Public Housing Reform and Empowerment Act of 1995, including any public housing units demolished as part of any revitalization effort.

''(B) EXCEPTION.—Notwithstanding subparagraph (A), a public housing agency may use the Capital Fund or Operating Fund distributions of the public housing agency for the construction and operation of housing units that are available and affordable to low-income families in excess of the limitations on new construction set forth in subparagraph (A), except that the formulae established under subsections (c)(2) and (d)(2) shall not provide additional funding for the specific purpose of allowing construction and operation of housing in excess of those limitations.''.

''(f) OPERATING AND CAPITAL ASSISTANCE TO RESIDENT MANAGEMENT CORPORATIONS.—The Secretary shall directly provide operating and capital assistance under this section to each resident management corporation managing a public housing project pursuant to a contract under this section, which assistance shall be used for purposes of operating the public housing project and performing such other eligible activities with respect to the project as may be provided under the contract.

''(g) INDIAN HOUSING PROGRAMS.—To the extent provided in advance in appropriations Acts, the Secretary shall carry out housing programs for Indians in accordance with such formulas and programs as the Secretary shall establish by regulation.

''(h) TECHNICAL ASSISTANCE.—To the extent approved in advance in appropriations Acts, the Secretary may make grants or enter into contracts in accordance with this subsection for purposes of providing, either directly or indirectly—

''(1) technical assistance to public housing agencies, resident councils, resident organizations, and resident management corporations, including assistance relating to monitoring and inspections;

''(2) training for public housing agency employees and tenants;

''(3) data collection and analysis; and

''(4) training, technical assistance, and education to assist public housing agencies that are—

''(A) at risk of being designated as troubled under section 6(j) from being so designated; and

''(B) designated as troubled under section 6(j) in achieving the removal of that designation.

''(i) EMERGENCY RESERVE.—

''(1) IN GENERAL.—

''(A) SET-ASIDE.—In each fiscal year, the Secretary shall set aside not more than 2 percent of the amount made available for use under the capital fund to carry out this section for that fiscal year for use in accordance with this subsection.

''(B) USE OF FUNDS.—

''(i) EMERGENCIES.—Amounts set aside under this paragraph shall be available to the Secretary for use in connection with emergencies, as determined by the Secretary, and in connection with housing needs resulting from any settlement of litigation.

''(ii) ADDITIONAL FUNDS.—To the extent that there are funds from amounts set aside under this paragraph in excess to the needs described in clause (i), the Secretary may use those funds for the costs of establishing

and administering a witness relocation program, which shall be established by the Secretary in conjunction with the Attorney General of the United States.

''(2) ALLOCATION.—

''(A) IN GENERAL.—Amounts set aside under this subsection shall initially be allocated based on the emergency and litigation settlement needs of public housing agencies, in such manner, and in such amounts as the Secretary shall determine.

''(B) PUBLICATION.—The Secretary shall publish the use of any amounts allocated under this subsection in the Federal Register.''.

(b) IMPLEMENTATION; EFFECTIVE DATE; TRANSITION PERIOD.—

(1) IMPLEMENTATION.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall establish the formulas described in subsections (c)(3) and (d)(2) of section 9 of the Public Housing Reform and Empowerment Act of 1995, as amended by this section.

(2) EFFECTIVE DATE.—The formulas established under paragraph (1) shall be effective only with respect to amounts made available under section 9 of the United States Housing Act of 1937, as amended by this section, in fiscal year 1998 or in any succeeding fiscal year.

(3) TRANSITION PERIOD.—Prior to the effective date described in paragraph (2), the Secretary shall provide that each public housing agency shall receive funding under sections 9 and 14 of the United States Housing Act of 1937, as those sections existed on the day before the date of enactment of this Act.

(c) DRUG ELIMINATION GRANTS.—

(1) FUNDING AUTHORIZATION.—

(A) IN GENERAL.—To the extent provided in advance in appropriations Acts for fiscal years 1996 and 1997, the Secretary shall make grants for—

(i) use in eliminating drug-related crime under the Public and Assisted Housing Drug Elimination Act of 1990; and

(ii) drug elimination clearinghouse services authorized by section 5143 of the Drug-Free Public Housing Act of 1988.

(B) SET-ASIDE.—Of any amounts made available to carry out subparagraph (A), the Secretary shall set aside amounts for grants, technical assistance, contracts, and other assistance, and for training, program assessment, and execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training).

(2) PROGRAM REQUIREMENTS.—The use of amounts made available under paragraph (1) shall be governed by the Public and Assisted Housing Drug Elimination Act of 1990, except as follows:

(A) FORMULA ALLOCATION.—Notwithstanding the Public and Assisted Housing Drug Elimination Act of 1990, after setting aside amounts for assisted housing under section 5130(b) of such Act, the Secretary may make grants to public housing agencies in accordance with a formula established by the Secretary, which shall—

(i) take into account the needs of the public housing agency for anticrime funding, and the amount of funding that the public housing agency has received under the Public and Assisted Housing Drug Elimination Act of 1990 during fiscal years 1993, 1994, and 1995; and

(ii) not exclude an eligible public housing agency that has not received funding during the period described in clause (i).

(B) OTHER TYPES OF CRIME.—For purposes of this subsection, the Secretary may define the term ''drug-related crime'' to include criminal actions other than those described in section 5126(2) of the Public and Assisted Housing Drug Elimination Act of 1990.

(3) SUNSET.—No grant may be made under this subsection on or after October 1, 1998.

SEC. 111. LABOR STANDARDS.

Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437j) is amended by adding at the end the following new subsection:

''(c) WORK REQUIREMENT.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, each adult member of each family assisted under this title shall contribute not less than 8 hours of volunteer work per month (not to include any political activity) within the community in which that adult resides.

''(2) INCLUSION IN PLAN.—Each public housing agency shall include in the public housing agency plan a detailed description of the manner in which the public housing agency intends to implement and administer paragraph (1).

''(3) EXEMPTIONS.—The Secretary may provide an exemption from paragraph (1) for any adult who is—

''(A) not less than 62 years of age;

''(B) a person with disabilities who is unable, as determined in accordance with guidelines established by the Secretary, to comply with this section;

''(C) working not less than 20 hours per week, a student, receiving vocational training, or otherwise meeting work, training, or educational requirements of a public assistance program; or

''(D) a single parent or the spouse of an otherwise exempt individual who is the primary caretaker of one or more children who are 6 years of age or younger.''.

SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA AND JOINT VENTURES.

Section 13 of the United States Housing Act of 1937 (42 U.S.C. 1437k) is amended to read as follows:

''SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND SUBSIDIARIES OF PUBLIC HOUSING AGENCIES.

''(a) CONSORTIA.—

''(1) IN GENERAL.—Any 2 or more public housing agencies may participate in a consortium for the purpose of administering any or all of the housing programs of those public housing agencies in accordance with this section.

''(2) EFFECT.—With respect to any consortium described in paragraph (1)—

''(A) any assistance made available under this title to each of the public housing agencies participating in the consortium shall be paid to the consortium; and

''(B) all planning and reporting requirements imposed upon each public housing agency participating in the consortium with respect to the programs operated by the consortium shall be consolidated.

''(3) RESTRICTIONS.—

''(A) AGREEMENT.—Each consortium described in paragraph (1) shall be formed and operated in accordance with a consortium agreement, and shall be subject to the requirements of a joint public housing agency plan, which shall be submitted by the consortium in accordance with section 5A.

''(B) MINIMUM REQUIREMENTS.—The Secretary shall specify minimum requirements relating to the formation and operation of consortia and the minimum contents of consortium agreements under this paragraph.

''(b) JOINT VENTURES.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency, in accordance with the public housing agency plan, may—

''(A) form and operate wholly owned or controlled subsidiaries (which may be nonprofit corporations) and other affiliates, any of which may be directed, managed, or controlled by the same persons who constitute the board of commissioners or other similar governing body of the public housing agency, or who serve as employees or staff of the public housing agency; or

''(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public housing agency, including any program that is subject to this title.

''(2) USE OF INCOME.—Any income generated under paragraph (1) shall be used for low-income housing or to benefit the tenants of the public housing agency.

''(3) AUDITS.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit of any activity undertaken under paragraph (1) at any time.''.

SEC. 113. REPEAL OF MODERNIZATION FUND.

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 5(c)(5), by striking ''for use under section 14 or'';

(2) in section 5(c)(7)—

(A) in subparagraph (A)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively; and

(B) in subparagraph (B)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively;

(3) in section 6(j)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively;

(4) in section 6(j)(2)(A)—

(A) in clause (i), by striking ''The Secretary shall also designate,'' and all that follows through the period at the end; and

(B) in clause (iii), by striking ''(including designation as a troubled agency for purposes of the program under section 14)'';

(5) in section 6(j)(2)(B)—

(A) in clause (i), by striking ''and determining that an assessment under this subparagraph will not duplicate any review conducted under section 14(p)''; and

(B) in clause (ii)—

(i) by striking ''(I) the agency's comprehensive plan prepared pursuant to section 14 adequately and appropriately addresses the rehabilitation needs of the agency's inventory, (II)'' and inserting ''(I)''; and

(ii) by striking ''(III)'' and inserting ''(II)'';

(6) in section 6(j)(3)—

(A) in clause (ii), by adding ''and'' at the end;

(B) by striking clause (iii); and

(C) by redesignating clause (iv) as clause (iii);

(7) in section 6(j)(4)—

(A) in subparagraph (D), by adding ''and'' at the end;

(B) in subparagraph (E), by striking ''; and'' at the end and inserting a period; and

(C) by striking subparagraph (F);

(8) in section 20—

(A) by striking subsection (c) and inserting the following:

''(c) [Reserved.]''; and

(B) by striking subsection (f) and inserting the following:

''(f) [Reserved.]'';

(9) in section 21(a)(2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(10) in section 21(a)(3)(A)(v), by striking ''the building or buildings meet the minimum safety and livability standards applicable under section 14, and'';

(11) in section 25(b)(1), by striking ''From amounts reserved'' and all that follows through ''the Secretary may'' and inserting the following: To the extent approved in appropriations Acts, the Secretary may'';

(12) in section 25(e)(2)—

(A) by striking ''The Secretary'' and inserting ''To the extent approved in appropriations Acts, the Secretary''; and

(B) by striking ''available annually from amounts under section 14'';

(13) in section 25(e), by striking paragraph (3);

(14) in section 25(f)(2)(G)(i), by striking ''including—'' and all that follows through ''an explanation'' and inserting ''including an explanation'';

(15) in section 25(i)(1), by striking the second sentence; and

(16) in section 202(b)(2)—

(A) by striking ''(b) FINANCIAL ASSISTANCE.—'' and all that follows through ''The Secretary may,'' and inserting the following:

''(b) FINANCIAL ASSISTANCE.—The Secretary may''; and

(B) by striking paragraph (2).

SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended to read as follows:

''SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

''(a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—

''(1) IN GENERAL.—Of the dwelling units of a public housing agency, including public housing units in a designated mixed-income project, made available for occupancy in any fiscal year of the public housing agency—

''(A) not less than 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families;

''(B) not less than 75 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income for those families; and

''(C) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

''(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

''(3) MIXED-INCOME HOUSING STANDARD.—Each public housing agency plan submitted by a public housing agency shall include a plan for achieving a diverse income mix among tenants in each public housing project of the public housing agency and among the scattered site public housing of the public housing agency.

''(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED HOUSING.—

''(1) IN GENERAL.—Of the dwelling units receiving tenant-based assistance under section 8 made available for occupancy in any fiscal year of the public housing agency—

''(A) not less than 50 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families; and

''(B) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

''(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

''(c) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency shall establish standards for occupancy in public housing dwelling units—

''(1) that prohibit occupancy in any such unit by any person—

''(A) who the public housing agency determines is illegally using a controlled substance; or

''(B) if the public housing agency determines that it has reasonable cause to believe that such person's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project; and

''(2) that allow the public housing agency to terminate the tenancy in any public housing unit of any person—

''(A) if the public housing agency determines that such person is illegally using a controlled substance; or

''(B) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency to interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

''(d) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any dwelling unit assisted by an Indian housing authority.''.

SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

(a) IN GENERAL.—Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) is amended to read as follows:

''SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

''(a) APPLICATIONS FOR DEMOLITION AND DISPOSITION.—Except as provided in subsection (b), not later than 60 days after receiving an application by a public housing agency for authorization, with or without financial assistance under this title, to demolish or dispose of a public housing project or a portion of a public housing project (including any transfer to a resident-supported nonprofit entity), the Secretary shall approve the application, if the public housing agency certifies—

''(1) in the case of—

''(A) an application proposing demolition of a public housing project or a portion of a public housing project, that—

''(i) the project or portion of the public housing project is obsolete as to physical condition, location, or other factors, making it unsuitable for housing purposes; and

''(ii) no reasonable program of modifications is cost-effective to return the public housing project or portion of the project to useful life; and

''(B) an application proposing the demolition of only a portion of a public housing project, that the demolition will help to assure the viability of the remaining portion of the project;

''(2) in the case of an application proposing disposition of a public housing project or other real property subject to this title by sale or other transfer, that—

''(A) the retention of the property is not in the best interests of the tenants or the public housing agency because—

''(i) conditions in the area surrounding the public housing project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency; or

''(ii) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing;

''(B) the public housing agency has otherwise determined the disposition to be appropriate for reasons that are—

''(i) in the best interests of the tenants and the public housing agency;

''(ii) consistent with the goals of the public housing agency and the public housing agency plan; and

''(iii) otherwise consistent with this title; or

''(C) for property other than dwelling units, the property is excess to the needs of a public housing project or the disposition is incidental to, or does not interfere with, continued operation of a public housing project;

''(3) that the public housing agency has specifically authorized the demolition or disposition in the public housing agency plan, and has certified that the actions contemplated in the public housing agency plan comply with this section;

''(4) that the public housing agency—

''(A) will provide for the payment of the relocation expenses of each tenant to be displaced;

''(B) will ensure that the amount of rent paid by the tenant following relocation will not exceed the amount permitted under this title; and

''(C) will not commence demolition or complete disposition until all tenants residing in the unit are relocated;

''(5) that the net proceeds of any disposition will be used—

''(A) unless waived by the Secretary, for the retirement of outstanding obligations issued to finance the original public housing project or modernization of the project; and

''(B) to the extent that any proceeds remain after the application of proceeds in accordance with subparagraph (A), for the provision of low-income housing or to benefit the tenants of the public housing agency; and

''(6) that the public housing agency has complied with subsection (c).

''(b) DISAPPROVAL OF APPLICATIONS.—The Secretary shall disapprove an application submitted under subsection (a) if the Secretary determines that any certification made by the public housing agency under that subsection is clearly inconsistent with information and data available to the Secretary.

''(c) TENANT OPPORTUNITY TO PURCHASE IN CASE OF PROPOSED DISPOSITION.—

''(1) IN GENERAL.—In the case of a proposed disposition of a public housing project or portion of a project, the public housing agency shall, in appropriate circumstances, as determined by the Secretary, initially offer the property to any eligible resident organization, eligible resident management corporation, or nonprofit organization supported by the residents, if that entity has expressed an interest, in writing, to the public housing agency in a timely manner, in purchasing the property for continued use as low-income housing.

''(2) TIMING.—

''(A) THIRTY-DAY NOTICE.—A resident organization, resident management corporation, or other resident-supported nonprofit entity referred to in paragraph (1) may express interest in purchasing property that is the subject of a disposition, as described in paragraph (1), during the 30-day period beginning on the date of notification of a proposed sale of the property.

''(B) SIXTY-DAY NOTICE.—If an entity expresses written interest in purchasing a property, as provided in subparagraph (A), no disposition of the property shall occur during the 60-day period beginning on the date of receipt of that written notice, during which time that entity shall be given the opportunity to obtain a firm commitment for financing the purchase of the property.

''(d) REPLACEMENT UNITS.—Notwithstanding any other provision of law, replacement housing units for public housing units demolished in accordance with this section may be built on the original public housing location or in the same neighborhood as the original public housing location if the number of those replacement units is fewer than the number of units demolished.''.

(b) HOMEOWNERSHIP REPLACEMENT PLAN.—

(1) IN GENERAL.—Section 304(g) of the United States Housing Act of 1937 (42 U.S.C. 1437aaa–3(g)), as amended by section 1002(b) of the Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred At Oklahoma City, and Rescissions Act, 1995, is amended to read as follows:

''(g) [Reserved.]''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective with respect to any plan for the demolition, disposition, or conversion to homeownership of public housing that is approved by the Secretary after September 30, 1995.

(c) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under section 18 of the United States Housing Act of 1937, as amended by this section.

SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS; VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—Section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t) is amended to read as follows:

''SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.

''(a) IN GENERAL.—

''(1) AUTHORIZATION.—A public housing agency may convert any public housing project (or portion thereof) owned and operated by the public housing agency to a system of tenant-based assistance in accordance with this section.

''(2) REQUIREMENTS.—In converting to a tenant-based system of assistance under this section, the public housing agency shall develop a conversion assessment and plan under subsection (b) in consultation with the appropriate public officials, with significant participation by the residents of the project (or portion thereof), which assessment and plan shall—

''(A) be consistent with and part of the public housing agency plan; and

''(B) describe the conversion and future use or disposition of the public housing project, including an impact analysis on the affected community.

''(b) CONVERSION ASSESSMENT AND PLAN.—

''(1) IN GENERAL.—Not later than 2 years after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, each public housing agency shall assess the status of each public housing project owned and operated by that public housing agency, and shall submit to the Secretary an assessment that includes—

''(A) a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing tenant-based assistance under section 8 for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing project proposed for conversion for the remaining useful life of the project;

''(B) an analysis of the market value of the public housing project proposed for conversion both before and after rehabilitation, and before and after conversion;

''(C) an analysis of the rental market conditions with respect to the likely success of tenant-based assistance under section 8 in that market for the specific residents of the public housing project proposed for conversion, including an assessment of the availability of decent and safe dwellings renting at or below the payment standard established for tenant-based assistance under section 8 by the public housing agency;

''(D) the impact of the conversion to a system of tenant-based assistance under this section on the neighborhood in which the public housing project is located; and

''(E) a plan that identifies actions, if any, that the public housing agency would take with regard to converting any public housing project or projects (or portions thereof) of the public housing agency to a system of tenant-based assistance.

''(2) STREAMLINED ASSESSMENT.—At the discretion of the Secretary or at the request of a public housing agency, the Secretary may waive any or all of the requirements of paragraph (1) or otherwise require a streamlined assessment with respect to any public housing project or class of public housing projects.

''(3) IMPLEMENTATION OF CONVERSION PLAN.—

''(A) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

''(i) will not be more expensive than continuing to operate the public housing project (or portion thereof) as public housing; and

''(ii) will principally benefit the residents of the public housing project (or portion thereof) to be converted, the public housing agency, and the community.

''(B) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or if there is reliable information and data available to the Secretary that contradicts that conversion assessment.

''(c) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide tenant-based assistance under section 8 shall be added to the housing assistance payment contract administered by—

''(1) the public housing agency; or

''(2) any entity administering the contract on behalf of the public housing agency.

''(d) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.''.

(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOMEOWNERSHIP OPPORTUNITIES.

(a) IN GENERAL.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended to read as follows:

''SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNITIES.

''(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with this section—

''(1) sell any public housing unit in any public housing project of the public housing agency to—

''(A) the low-income tenants of the public housing agency; or

''(B) any organization serving as a conduit for sales to those persons; and

''(2) provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence.

''(b) RIGHT OF FIRST REFUSAL.—In making any sale under this section, the public housing agency shall initially offer the public housing unit at issue to the tenant or tenants occupying that unit, if any, or to an organization serving as a conduit for sales to any such tenant.

''(c) SALE PRICES, TERMS, AND CONDITIONS.—Any sale under this section may involve such prices, terms, and conditions as the public housing agency may determine in accordance with procedures set forth in the public housing agency plan.

''(d) PURCHASE REQUIREMENTS.—

''(1) IN GENERAL.—Each tenant that purchases a dwelling unit under subsection (a) shall, as of the date on which the purchase is made—

''(A) intend to occupy the property as a principal residence; and

''(B) submit a written certification to the public housing agency that such tenant will occupy the property as a principal residence for a period of not less than 12 months beginning on that date.

''(2) RECAPTURE.—Except for good cause, as determined by a public housing agency in the public housing agency plan, if, during the 1-year period beginning on the date on which any tenant acquires a public housing unit under this section, that public housing unit is resold, the public housing agency shall recapture 75 percent of the amount of any proceeds from that resale that exceed the sum of—

''(A) the original sale price for the acquisition of the property by the qualifying tenant;

''(B) the costs of any improvements made to the property after the date on which the acquisition occurs; and

''(C) any closing costs incurred in connection with the acquisition.

''(e) PROTECTION OF NONPURCHASING TENANTS.—If a public housing tenant does not exercise the right of first refusal under subsection (b) with respect to the public housing unit in which the tenant resides, the public housing agency shall—

''(1) ensure that either another public housing unit or rental assistance under section 8 is made available to the tenant; and

''(2) provide for the payment of the reasonable relocation expenses of the tenant.

''(f) NET PROCEEDS.—

''(1) IN GENERAL.—The net proceeds of any sales under this section remaining after payment of all costs of the sale and any unassumed, unpaid indebtedness owed in connection with the dwelling units sold under this section unless waived by the Secretary, shall be used for purposes relating to low-income housing and in accordance with the public housing agency plan.

''(2) INDIAN HOUSING.—The net proceeds described in paragraph (1) may be used by Indian housing authorities for housing for families whose incomes exceed the income levels established under this title for low-income families.

''(g) HOMEOWNERSHIP ASSISTANCE.—From amounts distributed to a public housing agency under section 9, or from other income earned by the public housing agency, the public housing agency may provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence, including a residence other than a residence located in a public housing project.''.

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 8(y)(7)(A)—

(A) by striking '', (ii)'' and inserting '', and (ii)''; and

(B) by striking '', and (iii)'' and all that follows before the period at the end; and

(2) in section 25(l)(2)—

(A) in the first sentence, by striking '', consistent with the objectives of the program under section 23,''; and

(B) by striking the second sentence.

(c) SAVINGS PROVISION.—The amendments made by this section do not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended to read as follows:

"SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

''(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies for the purposes of—

''(1) enabling the demolition of obsolete public housing projects or portions thereof;

''(2) revitalizing sites (including remaining public housing units) on which such public housing projects are located;

''(3) the provision of replacement housing, which will avoid or lessen concentrations of very low-income families; and

''(4) the provision of tenant-based assistance under section 8 for use as replacement housing.

''(b) COMPETITION.—The Secretary shall make grants under this section on the basis of a competition, which shall be based on such factors as—

''(1) the need for additional resources for addressing a severely distressed public housing project;

''(2) the need for affordable housing in the community;

''(3) the supply of other housing available and affordable to a family receiving tenant-based assistance under section 8; and

''(4) the local impact of the proposed revitalization program.

''(c) TERMS AND CONDITIONS.—The Secretary may impose such terms and conditions on recipients of grants under this section as the Secretary determines to be appropriate to carry out the purposes of this section, except that such terms and conditions shall be similar to the terms and conditions of either—

''(1) the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts; or

''(2) section 24 of the United States Housing Act of 1937, as such section existed before the date of enactment of the Public Housing Reform and Empower Act of 1995.

''(d) ALTERNATIVE MANAGEMENT.—The Secretary may require any recipient of a grant under this section to make arrangements with an entity other than the public housing agency to carry out the purposes for which the grant was awarded, if the Secretary determines that such action is necessary for the timely and effective achievement of the purposes for which the grant was awarded.

''(e) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.

''(f) SUNSET.—No grant may be made under this section on or after October 1, 1998.''.

SEC. 119. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

(a) IN GENERAL.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 28. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

''(a) IN GENERAL.—A public housing agency may own, operate, assist, or otherwise participate in one or more mixed-income projects in accordance with this section.

''(b) REQUIREMENTS.—

''(1) MIXED-INCOME PROJECT.—For purposes of this section, the term 'mixed-income project' means a project that meets the requirements of paragraph (2) and that is occupied both by one or more very low-income families and by one or more families that are not very low-income families.

''(2) STRUCTURE OF PROJECTS.—Each mixed-income project shall be developed—

''(A) in a manner that ensures that units are made available in the project, by master contract, individual lease, or equity interest for occupancy by eligible families identified by the public housing agency for a period of not less than 20 years;

''(B) in a manner that ensures that the number of public housing units bears approximately the same proportion to the total number of units in the mixed-income project as the value of the total financial commitment provided by the public housing agency bears to the value of the total financial commitment in the project, or shall not be less than the number of units that could have been developed under the conventional public housing program with the assistance; and

''(C) in accordance with such other requirements as the Secretary may prescribe by regulation.

''(3) TYPES OF PROJECTS.—The term 'mixed-income project' includes a project that is developed—

''(A) by a public housing agency or by an entity affiliated with a public housing agency;

''(B) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, managing member, or otherwise participates in the activities of that entity;

''(C) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

''(D) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

''(c) TAXATION.—

''(1) IN GENERAL.—A public housing agency may elect to have all public housing units in a mixed-income project subject to local real estate taxes, except that such units shall be eligible at the discretion of the public housing agency for the taxing requirements under section 6(d).

''(2) LOW-INCOME HOUSING TAX CREDIT.—With respect to any unit in a mixed-income project that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the tenants may be set at levels not to exceed the amounts allowable under that section.

''(d) RESTRICTION.—No assistance provided under section 9 shall be used by a public housing agency in direct support of any unit rented to a family that is not a low-income family, except that this subsection does not apply to the Mutual Help Homeownership Program authorized under section 202 of this Act.

''(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an entity that owns or operates a mixed-income project under this section enters into a contract with a public housing agency, the terms of which obligate the entity to operate and maintain a specified number of units in the project as public housing units in accordance with the requirements of this Act for the period required by law, such contractual terms may provide that, if, as a result of a reduction in appropriations under section 9, or any other change in applicable law, the public housing agency is unable to fulfill its contractual obligations with respect to those public housing units, that entity may deviate, under procedures and requirements developed through regulations by the Secretary, from otherwise applicable restrictions under this Act regarding rents, income eligibility, and other areas of public housing management with respect to a portion or all of those public housing units, to the extent necessary to preserve the viability of those units while maintaining the low-income character thereof to the maximum extent practicable.''.

(b) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to promote the development of mixed-income projects, as that term is defined in section 28 of the United States Housing Act of 1937, as added by this Act.

SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 29. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

''(a) IDENTIFICATION OF UNITS.—To the extent approved in advance in appropriations Acts, each public housing agency shall identify all public housing projects of the public housing agency—

''(1) that are on the same or contiguous sites;

''(2) that the public housing agency determines to be distressed, which determination shall be made in accordance with guidelines established by the Secretary, which guidelines shall be based on the criteria established in the Final Report of the National Commission on Severely Distressed Public Housing (August 1992);

''(3) identified as distressed housing under paragraph (2) for which the public housing agency cannot assure the long-term viability as public housing through reasonable modernization expenses, density reduction, achievement of a broader range of family income, or other measures; and

''(4) for which the estimated cost, during the remaining useful life of the project, of continued operation and modernization as public housing exceeds the estimated cost, during the remaining useful life of the project, of providing tenant-based assistance under section 8 for all families in occupancy, based on appropriate indicators of cost (such as the percentage of total development costs required for modernization).

''(b) CONSULTATION.—Each public housing agency shall consult with the appropriate public housing tenants and the appropriate unit of general local government in identifying any public housing projects under subsection (a).

''(c) REMOVAL OF UNITS FROM THE INVENTORIES OF PUBLIC HOUSING AGENCIES.—

''(1) IN GENERAL.—

''(A) DEVELOPMENT OF PLAN.—Each public housing agency shall develop and, to the extent provided in advance in appropriations Acts, carry out a 5-year plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a)

from the inventory of the public housing agency and the annual contributions contract.

''(B) APPROVAL OF PLAN.—The plan required under subparagraph (A) shall—

''(i) be included as part of the public housing agency plan;

''(ii) be certified by the relevant local official to be in accordance with the comprehensive housing affordability strategy under title I of the Housing and Community Development Act of 1992; and

''(iii) include a description of any disposition and demolition plan for the public housing units.

''(2) EXTENSIONS.—The Secretary may extend the 5-year deadline described in paragraph (1) by not more than an additional 5 years if the Secretary makes a determination that the deadline is impracticable.

''(d) CONVERSION TO TENANT-BASED ASSISTANCE.—

''(1) IN GENERAL.—With respect to any public housing project that has not received a grant for assistance under the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts or under section 24 of the United States Housing Act of 1937, the Secretary shall make authority available to a public housing agency to provide assistance under this Act to families residing in any public housing project that is removed from the inventory of the public housing agency and the annual contributions contract pursuant to this section.

''(2) PLAN REQUIREMENTS.—Each plan under subsection (c) shall require the agency to—

''(A) notify families residing in the public housing project, consistent with any guidelines issued by the Secretary governing such notifications, that—

''(i) the public housing project will be removed from the inventory of the public housing agency; and

''(ii) the families displaced by such action will receive tenant-based or project-based assistance or occupancy in a unit operated or assisted by the public housing agency;

''(B) provide any necessary counseling for families displaced by such action; and

''(C) provide any reasonable relocation expenses for families displaced by such action.

''(e) REMOVAL BY SECRETARY.—The Secretary shall take appropriate actions to ensure removal of any public housing project identified under subsection (a) from the inventory of a public housing agency, if the public housing agency fails to adequately develop a plan under subsection (c) with respect to that project, or fails to adequately implement such plan in accordance with the terms of the plan.

''(f) ADMINISTRATION.—

''(1) IN GENERAL.—The Secretary may require a public housing agency to provide to the Secretary or to public housing tenants such information as the Secretary considers to be necessary for the administration of this section.

''(2) APPLICABILITY OF SECTION 18.—Section 18 does not apply to the demolition of public housing projects removed from the inventory of the public housing agency under this section.

''(g) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.''.

SEC. 121. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

''SEC. 30. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

''(a) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.

''(b) TERMS AND CONDITIONS.—

''(1) CRITERIA FOR APPROVAL.—In making any authorization under subsection (a), the Secretary may consider—

''(A) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;

''(B) the ability of the public housing agency to make payments on the mortgage or security interest; and

''(C) such other criteria as the Secretary may specify.

''(2) TERMS AND CONDITIONS OF MORTGAGES AND SECURITY INTERESTS OBTAINED.—Each mortgage or security interest granted under this section shall be—

''(A) for a term that—

''(i) is consistent with the terms of private loans in the market area in which the public housing project or property at issue is located; and

''(ii) does not exceed 30 years; and

''(B) subject to conditions that are consistent with the conditions to which private loans in the market area in which the subject project or other property is located are subject.

''(3) NO FULL FAITH AND CREDIT.—No action taken under this section shall result in any liability to the Federal Government.''.

SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESIDENTS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

''SEC. 31. SERVICES FOR PUBLIC HOUSING RESIDENTS.

''(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies (including Indian housing authorities) on behalf of public housing residents, or directly to resident management corporations, resident councils, or resident organizations (including nonprofit entities supported by residents), for the purposes of providing a program of supportive services and resident empowerment activities to assist public housing residents in becoming economically self-sufficient.

''(b) ELIGIBLE ACTIVITIES.—Grantees under this section may use such amounts only for activities on or near the public housing agency or public housing project that are designed to promote the self-sufficiency of public housing residents, including activities relating to—

''(1) physical improvements to a public housing project in order to provide space for supportive services for residents;

''(2) the provision of service coordinators;

''(3) the provision of services related to work readiness, including academic skills, job training, job search skills, tutoring, adult literacy, transportation, and child care, except that grants received under this section shall not comprise more than 50 percent of the costs of providing such services;

''(4) resident management activities; and

''(5) other activities designed to improve the economic self-sufficiency of residents.

''(c) FUNDING DISTRIBUTION.—

''(1) IN GENERAL.—Except for amounts provided under subsection (d), the Secretary may distribute amounts made available under this section on the basis of a competition or a formula, as appropriate.

''(2) FACTORS FOR DISTRIBUTION.—Factors for distribution under paragraph (1) shall include—

''(A) the demonstrated capacity of the applicant to carry out a program of supportive services or resident empowerment activities; and

''(B) the ability of the applicant to leverage additional resources for the provision of services.

''(d) FUNDING FOR RESIDENT COUNCILS.—Of amounts appropriated for activities under this section, not less than $25,000,000 shall be provided directly to resident councils, resident organizations, and resident management corporations.''.

SEC. 123. APPLICABILITY TO INDIAN HOUSING.

In accordance with section 201(b)(2) of the United States Housing Act of 1937, except as otherwise provided in this Act, this title and the amendments made by this title shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, as that term is defined in section 3(b) of the United States Housing Act of 1937.

TITLE II—SECTION 8 RENTAL ASSISTANCE

SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS.

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended to read as follows:

''(o) VOUCHER PROGRAM.—

''(1) PAYMENT STANDARD.—

''(A) IN GENERAL.—The Secretary may provide assistance to public housing agencies for tenant-based assistance using a payment standard established in accordance with subparagraph (B). The payment standard shall be used to determine the monthly assistance that may be paid for any family, as provided in paragraph (2).

''(B) ESTABLISHMENT OF PAYMENT STANDARD.—The payment standard shall not exceed 120 percent of the fair market rental established under subsection (c) and shall be not less than 90 percent of that fair market rental.

''(C) SET-ASIDE.—The Secretary may set aside not more than 5 percent of the budget authority available under this subsection as an adjustment pool. The Secretary shall use amounts in the adjustment pool to make adjusted payments to public housing agencies under subparagraph (A), to ensure continued affordability, if the Secretary determines that additional assistance for such purpose is necessary, based on documentation submitted by a public housing agency.

''(D) APPROVAL.—The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval.

''(E) REVIEW.—The Secretary—

''(i) shall monitor rent burdens and review any payment standard that results in a significant percentage of the families occupying units of any size paying more than 30 percent of adjusted income for rent; and

''(ii) may require a public housing agency to modify the payment standard of the public housing agency based on the results of that review.

''(2) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—

''(A) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT DOES NOT EXCEED PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) does not exceed the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the rent exceeds the greatest of the following amounts, rounded to the nearest dollar:

''(i) Thirty percent of the monthly adjusted income of the family.

''(ii) Ten percent of the monthly income of the family.

''(iii) If the family is receiving payments for welfare assistance from a public agency

and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

''(B) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT EXCEEDS PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) exceeds the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the applicable payment standard exceeds the greatest of the following amounts, rounded to the nearest dollar:

''(i) Thirty percent of the monthly adjusted income of the family.

''(ii) Ten percent of the monthly income of the family.

''(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

''(C) FAMILIES RECEIVING PROJECT-BASED ASSISTANCE.—For a family receiving project-based assistance under this title, the rent that the family is required to pay shall be determined in accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3) of this section.

''(3) FORTY PERCENT LIMIT.—At the time a family initially receives tenant-based assistance under this title with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.

''(4) ELIGIBLE FAMILIES.—At the time a family initially receives assistance under this subsection, a family shall qualify as—

''(A) a very low-income family;

''(B) a family previously assisted under this title;

''(C) a low-income family that meets eligibility criteria specified by the public housing agency;

''(D) a family that qualifies to receive a voucher in connection with a homeownership program approved under title IV of the Cranston-Gonzalez National Affordable Housing Act; or

''(E) a family that qualifies to receive a voucher under section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

''(5) ANNUAL REVIEW OF FAMILY INCOME.—Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.

''(6) SELECTION OF FAMILIES.—

''(A) IN GENERAL.—Each public housing agency may establish local preferences consistent with the public housing agency plan submitted by the public housing agency under section 5A.

''(B) EVICTION FOR DRUG-RELATED ACTIVITY.—Any individual or family evicted from housing assisted under this subsection by reason of drug-related criminal activity (as defined in subsection (f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver for any member of the family of an individual prohibited from receiving assistance under this title whom the public housing agency determines clearly did not participate in and had no knowledge of that criminal activity, or if the circumstances leading to the eviction no longer exist).

''(C) SELECTION OF TENANTS.—The selection of tenants shall be made by the owner of the dwelling unit, subject to the annual contributions contract between the Secretary and the public housing agency.

''(7) LEASE.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit—

''(A) shall provide that the screening and selection of families for those units shall be the function of the owner;

''(B) shall provide that the lease between the tenant and the owner shall be for a term of not less than 1 year, except that the public housing agency may approve a shorter term for an initial lease between the tenant and the dwelling unit owner if the public housing agency determines that such shorter term would improve housing opportunities for the tenant;

''(C) except as otherwise provided by the public housing agency, may provide for a termination of the tenancy of a tenant assisted under this subsection after 1 year;

''(D) shall provide that the dwelling unit owner shall offer leases to tenants assisted under this subsection that—

''(i) are in a standard form used in the locality by the dwelling unit owner; and

''(ii) contain terms and conditions that—

''(I) are consistent with State, tribal, and local law; and

''(II) apply generally to tenants in the property who are not assisted under this section;

''(E) shall provide that the dwelling unit owner may not terminate the tenancy of any person assisted under this subsection during the term of a lease that meets the requirements of this section unless the owner determines, on the same basis and in the same manner as would apply to a tenant in the property who does not receive assistance under this subsection, that—

''(i) the tenant has committed a serious violation of the terms and conditions of the lease;

''(ii) the tenant has violated applicable Federal, State, or local law; or

''(iii) other good cause for termination of the tenancy exists; and

''(F) shall provide that any termination of tenancy under this subsection shall be preceded by the provision of written notice by the owner to the tenant specifying the grounds for that action, and any relief shall be consistent with applicable State, tribal, and local law.

''(8) INSPECTION OF UNITS BY PUBLIC HOUSING AGENCIES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall—

''(i) inspect the unit before any assistance payment is made to determine whether the dwelling unit meets housing quality standards for decent and safe housing established—

''(I) by the Secretary for purposes of this subsection; or

''(II) by local housing codes or by codes adopted by public housing agencies that—

''(aa) meet or exceed housing quality standards; and

''(bb) do not severely restrict housing choice; and

''(ii) make periodic inspections during the contract term.

''(B) LEASING OF UNITS OWNED BY PUBLIC HOUSING AGENCY.—If an eligible family assisted under this subsection leases a dwelling unit that is owned by a public housing agency administering assistance under this subsection, the Secretary shall require the unit of general local government, or another entity approved by the Secretary, to make inspections and rent determinations as required by this paragraph.

''(9) EXPEDITED INSPECTION PROCEDURES.—

''(A) DEMONSTRATION PROJECT.—Not later than 1 year after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, the Secretary shall establish a demonstration project to identify efficient procedures to determine whether units meet housing quality standards for decent and safe housing established by the Secretary.

''(B) PROCEDURES INCLUDED.—The demonstration project shall include the development of procedures to be followed in any case in which a family receiving tenant-based assistance under this subsection is moving into a dwelling unit, or in which a family notifies the public housing agency that a dwelling unit, in which the family no longer resides, fails to meet housing quality standards. The Secretary shall also establish procedures for the expedited repair and inspection of units that do not meet housing quality standards.

''(C) RECOMMENDATIONS.—Not later than 2 years after the date on which the demonstration under this paragraph is implemented, the Secretary shall submit a report to the Congress, which shall include an analysis of the demonstration and any recommendations for changes to the demonstration.

''(10) VACATED UNITS.—If a family vacates a dwelling unit, no assistance payment may be made under this subsection for the dwelling unit after the month during which the unit was vacated.

''(11) RENT.—

''(A) REASONABLE MARKET RENT.—The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market.

''(B) NEGOTIATED RENT.—A public housing agency shall, at the request of a family receiving tenant-based assistance under this subsection, assist that family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to that unit.

''(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

''(D) TIMELY PAYMENTS.—Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the public housing agency may provide for penalties for the late payment of amounts due under the contract, which shall be imposed on the public housing agency in accordance with generally accepted practices in the local housing market.

''(E) PENALTIES.—Unless otherwise authorized by the Secretary, each public housing agency shall pay any penalties from administrative fees collected by the public housing agency, except that no penalty shall be imposed if the late payment is due to factors that the Secretary determines are beyond the control of the public housing agency.

''(12) MANUFACTURED HOUSING.—

''(A) IN GENERAL.—A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as a principal place of residence. Such payments may be made for the rental of the real property on which the manufactured home owned by any such family is located.

''(B) RENT CALCULATION.—

''(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.

''(ii) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The payment standard may not exceed an amount approved or established by the Secretary.

''(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment under this paragraph shall be determined in accordance with paragraph (2).

''(13) CONTRACT FOR ASSISTANCE PAYMENTS.—

''(A) IN GENERAL.—If the Secretary enters into an annual contributions contract under this subsection with a public housing agency pursuant to which the public housing agency will enter into a housing assistance payment contract with respect to an existing structure under this subsection—

''(i) the housing assistance payment contract may not be attached to the structure unless the owner agrees to rehabilitate or newly construct the structure other than with assistance under this Act, and otherwise complies with this section; and

''(ii) the public housing agency may approve a housing assistance payment contract for such existing structure for not more than 15 percent of the funding available for tenant-based assistance administered by the public housing agency under this section.

''(B) EXTENSION OF CONTRACT TERM.—In the case of a housing assistance payment contract that applies to a structure under this paragraph, a public housing agency shall enter into a contract with the owner, contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriations Acts, to extend the term of the underlying housing assistance payment contract for such period as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the successors in interest of the owner.

''(C) RENT CALCULATION.—For project-based assistance under this paragraph, housing assistance payment contracts shall establish rents and provide for rent adjustments in accordance with subsection (c).

''(D) ADJUSTED RENTS.—With respect to rents adjusted under this paragraph—

''(i) the adjusted rent for any unit shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area; and

''(ii) the provisions of subsection (c)(2)(A) do not apply.

''(14) INAPPLICABILITY TO TENANT-BASED ASSISTANCE.—Subsection (c) does not apply to tenant-based assistance under this subsection.

''(15) HOMEOWNERSHIP OPTION.—

''(A) IN GENERAL.—A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).

''(B) ALTERNATIVE ADMINISTRATION.—A public housing agency may contract with a nonprofit organization to administer a homeownership program under subsection (y).

''(16) INDIAN HOUSING PROGRAMS.—Notwithstanding any other provision of law, in carrying out this section, the Secretary shall establish such separate formulas and programs as may be necessary to carry out housing programs for Indians under this section.''.

SEC. 202. REPEAL OF FEDERAL PREFERENCES.

(a) SECTION 8 EXISTING AND MODERATE REHABILITATION.—Section 8(d)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:

''(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish, after public notice and an opportunity for public comment, a written system of preferences for selection that are not inconsistent with the comprehensive housing affordability strategy for the jurisdiction in which the project is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act;''.

(b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION.—

(1) REPEAL.—Section 545(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended to read as follows:

''(c) [Reserved.]''.

(2) PROHIBITION.—The provisions of section 8(e)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983, that require tenant selection preferences shall not apply with respect to—

(A) housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983; or

(B) projects financed under section 202 of the Housing Act of 1959, as in existence on the day before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act.

(c) RENT SUPPLEMENTS.—Section 101(k) of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(k)) is amended to read as follows:

''(k) [Reserved.]''.

(d) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(A) in section 6(o), by striking ''preference rules specified in'' and inserting ''written selection criteria established pursuant to'';

(B) in section 7(a)(2), by striking ''according to the preferences for occupancy under'' and inserting ''in accordance with the written selection criteria established pursuant to'';

(C) in section 7(a)(3), by striking ''who qualify for preferences for occupancy under'' and inserting ''who meet the written selection criteria established pursuant to'';

(D) in section 8(d)(2)(A), by striking the last sentence;

(E) in section 8(d)(2)(H), by striking ''Notwithstanding subsection (d)(1)(A)(i), an'' and inserting ''An''; and

(F) in section 16(c), in the second sentence, by striking ''the system of preferences established by the agency pursuant to section 6(c)(4)(A)(ii)'' and inserting ''the written selection criteria established by the public housing agency pursuant to section 6(c)(4)(A)''.

(2) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704 et seq.) is amended—

(A) in section 455(a)(2)(D)(iii), by striking ''would qualify for a preference under'' and inserting ''meet the written selection criteria established pursuant to''; and

(B) in section 522(f)(6)(B), by striking ''any preferences for such assistance under section 8(d)(1)(A)(i)'' and inserting ''the written selection criteria established pursuant to section 8(d)(1)(A)''.

(3) LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—The second sentence of section 226(b)(6)(B) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is amended by striking ''requirement for giving preferences to certain categories of eligible families under'' and inserting ''written selection criteria established pursuant to''.

(4) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking ''preferences for occupancy'' and all that follows before the period at the end and inserting ''selection criteria established by the owner to elderly families according to such written selection criteria, and to near-elderly families according to such written selection criteria, respectively''.

(5) REFERENCES IN OTHER LAW.—Any reference in any Federal law other than any provision of any law amended by paragraphs (1) through (5) of this subsection or section 201 to the preferences for assistance under section 6(c)(4)(A)(i), 8(d)(1)(A)(i), or 8(o)(3)(B) of the United States Housing Act of 1937, as those sections existed on the day before the effective date of this title, shall be considered to refer to the written selection criteria established pursuant to section 6(c)(4)(A), 8(d)(1)(A), or 8(o)(6)(A), respectively, of the United States Housing Act of 1937, as amended by this subsection and section 201 of this Act.

SEC. 203. PORTABILITY.

Section 8(r) of the United States Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—

(1) in paragraph (1)—

(A) by striking ''assisted under subsection (b) or (o)'' and inserting ''receiving tenant-based assistance under subsection (o)''; and

(B) by striking ''the same State'' and all that follows before the semicolon and inserting ''any area in which a program is being administered under this section'';

(2) in paragraph (3)—

(A) by striking ''(b) or''; and

(B) by adding at the end the following new sentence: ''The Secretary shall establish procedures for the compensation of public housing agencies that issue vouchers to families that move into or out of the jurisdiction of the public housing agency under portability procedures. The Secretary may reserve amounts available for assistance under subsection (o) to compensate those public housing agencies.''; and

(3) by adding at the end the following new paragraph:

''(5) LEASE VIOLATIONS.—A family may not receive a voucher from a public housing agency and move to another jurisdiction

under the tenant-based assistance program if the family has moved out of the assisted dwelling unit of the family in violation of a lease.''.

SEC. 204. LEASING TO VOUCHER HOLDERS.

Section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

''(t) [Reserved.]''.

SEC. 205. HOMEOWNERSHIP OPTION.

Section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) is amended—

(1) in paragraph (1)(A), by inserting before the semicolon '', or owns or is acquiring shares in a cooperative'';

(2) in paragraph (1)(B), by striking ''(i) participates'' and all that follows through ''(ii) demonstrates'' and inserting ''demonstrates'';

(3) by striking paragraph (2) and inserting the following:

''(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—

''(A) MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

''(i) Thirty percent of the monthly adjusted income of the family.

''(ii) Ten percent of the monthly income of the family.

''(iii) If the family is receiving payments for welfare assistance from a public agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

''(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the following amounts, rounded to the nearest dollar:

''(i) Thirty percent of the monthly adjusted income of the family.

''(ii) Ten percent of the monthly income of the family.

''(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.'';

(4) by striking paragraphs (3) through (5); and

(5) by redesignating paragraphs (6) through (8) as paragraphs (3) through (5), respectively.

SEC. 206. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONTRACT PROVISIONS AND REQUIREMENTS.—Section 6(p)(1)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)(1)(B)) is amended by striking ''holding certificates and vouchers'' and inserting ''receiving tenant-based assistance''.

(b) LOWER INCOME HOUSING ASSISTANCE.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) in subsection (a), by striking the second and third sentences;

(2) in subsection (b)—

(A) in the subsection heading, by striking ''RENTAL CERTIFICATES AND''; and

(B) in the first undesignated paragraph—

(i) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary''; and

(ii) by striking the second sentence;

(3) in subsection (c)—

(A) in paragraph (3)—

(i) by striking ''(A)''; and

(ii) by striking subparagraph (B);

(B) in the first sentence of paragraph (4), by striking ''or by a family that qualifies to receive'' and all that follows through ''1990'';

(C) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5);

(D) by striking paragraph (7) and redesignating paragraphs (8) through (10) as paragraphs (6) through (8), respectively;

(E) in paragraph (6), as redesignated, by inserting ''(other than a contract under section 8(o))'' after ''section'';

(F) in paragraph (7), as redesignated, by striking ''(but not less than 90 days in the case of housing certificates or vouchers under subsection (b) or (o))'' and inserting '', other than a contract under subsection (o)''; and

(G) in paragraph (8), as redesignated, by striking ''housing certificates or vouchers under subsection (b) or (o)'' and inserting ''tenant-based assistance under this section'';

(4) in subsection (d)—

(A) in paragraph (1)(B)(iii), by striking ''on or near such premises''; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking the third sentence and all that follows through the end of the subparagraph; and

(ii) by striking subparagraphs (B) through (E) and redesignating subparagraphs (F) through (H) as subparagraphs (B) through (D), respectively;

''(B) [Reserved.]'';

(5) in subsection (f)—

(A) in paragraph (6), by striking ''(d)(2)'' and inserting ''(o)(11)''; and

(B) in paragraph (7)—

(i) by striking ''(b) or''; and

(ii) by inserting before the period the following: ''and that provides for the eligible family to select suitable housing and to move to other suitable housing'';

(6) by striking subsection (j) and inserting the following:

''(j) [Reserved.]'';

(7) by striking subsection (n) and inserting the following:

''(n) [Reserved.]'';

(8) in subsection (q)—

(A) in the first sentence of paragraph (1), by striking ''and housing voucher programs under subsections (b) and (o)'' and inserting ''program under this section'';

(B) in paragraph (2)(A)(i), by striking ''and housing voucher programs under subsections (b) and (o)'' and inserting ''program under this section''; and

(C) in paragraph (2)(B), by striking ''and housing voucher programs under subsections (b) and (o)'' and inserting ''program under this section'';

(9) in subsection (u), by striking ''certificates or'' each place that term appears; and

(10) in subsection (x)(2), by striking ''housing certificate assistance'' and inserting ''tenant-based assistance''.

(c) PUBLIC HOUSING HOMEOWNERSHIP AND MANAGEMENT OPPORTUNITIES.—Section 21(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437s(b)(3)) is amended—

(1) in the first sentence, by striking ''(at the option of the family) a certificate under section 8(b)(1) or a housing voucher under section 8(o)'' and inserting ''tenant-based assistance under section 8''; and

(2) by striking the second sentence.

(d) DOCUMENTATION OF EXCESSIVE RENT BURDENS.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(1) in paragraph (1), by striking ''assisted under the certificate and voucher programs established'' and inserting ''receiving tenant-based assistance'';

(2) in the first sentence of paragraph (2)—

(A) by striking '', for each of the certificate program and the voucher program'' and inserting ''for the tenant-based assistance under section 8''; and

(B) by striking ''participating in the program'' and inserting ''receiving tenant-based assistance''; and

(3) in paragraph (3), by striking ''assistance under the certificate or voucher program'' and inserting ''tenant-based assistance under section 8 of the United States Housing Act of 1937''.

(e) GRANTS FOR COMMUNITY RESIDENCES AND SERVICES.—Section 861(b)(1)(D) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12910(b)(1)(D)) is amended by striking ''certificates or vouchers'' and inserting ''assistance''.

(f) SECTION 8 CERTIFICATES AND VOUCHERS.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by striking ''assistance under the certificate and voucher programs under sections 8(b) and (o) of such Act'' and inserting ''tenant-based assistance under section 8 of the United States Housing Act of 1937''.

(g) ASSISTANCE FOR DISPLACED TENANTS.—Section 223(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4113(a)) is amended by striking ''assistance under the certificate and voucher programs under sections 8(b) and 8(o)'' and inserting ''tenant-based assistance under section 8''.

(h) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m(a)) is amended in the second sentence by striking ''assistance payments as provided by section 8(o)'' and inserting ''tenant-based assistance as provided under section 8''.

(i) REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR HOUSING DEMONSTRATION.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is repealed.

(j) PREFERENCES FOR ELDERLY FAMILIES AND PERSONS.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking ''the first sentence of section 8(o)(3)(B)'' and inserting ''section 8(o)(6)(A)''.

(k) ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.—Section 201(m)(2)(A) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(m)(2)(A)) is amended by striking ''section 8(b)(1)'' and inserting ''section 8''.

(l) MANAGEMENT AND DISPOSITION OF MULTIFAMILY HOUSING PROJECTS.—Section 203(g)(2) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(g)(2)), as amended by section 101(b) of the Multifamily Housing Property Disposition Reform Act of 1994, is amended by striking ''8(o)(3)(B)'' and inserting ''8(o)(6)(A)''.

SEC. 207. IMPLEMENTATION.

In accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall issue such regulations as may be necessary to implement the amendments made by this title after notice and opportunity for public comment.

SEC. 208. DEFINITION.

For the purposes of this title, public housing agency has the same meaning as section 3 of the United States Housing Act of 1937, except that such term shall also include any

other nonprofit entity serving more than one local government jurisdiction that was administering the section 8 tenant-based assistance program pursuant to a contract with the Secretary or a public housing agency prior to the date of enactment of this Act.

SEC. 209. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall become effective not later than 1 year after the date of enactment of this Act.

(b) CONVERSION ASSISTANCE.—

(1) IN GENERAL.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as those sections existed on the day before the effective date of the amendments made by this title, to the voucher program established by the amendments made by this title.

(2) CONTINUED APPLICABILITY.—The Secretary may apply the provisions of the United States Housing Act of 1937, or any other provision of law amended by this title, as those provisions existed on the day before the effective date of the amendments made by this title, to assistance obligated by the Secretary before that effective date for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking ''(16)'' and inserting ''(17)'';

(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and

(6) by inserting after paragraph (10) the following new paragraph:

''(11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing and coordinate with the local public housing agency plan under section 5A of the United States Housing Act of 1937;''.

SEC. 302. REPEAL OF CERTAIN PROVISIONS.

(a) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—

(1) REPEAL.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 957 of the Cranston-Gonzalez National Affordable Housing Act.

(b) ECONOMIC INDEPENDENCE.—

(1) REPEAL.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 923 of the Housing and Community Development Act of 1992.

SEC. 303. DETERMINATION OF INCOME LIMITS.

(a) IN GENERAL.—Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is amended—

(1) in the fourth sentence—

(A) by striking ''County,'' and inserting ''and Rockland Counties''; and

(B) by inserting ''each'' before ''such county''; and

(2) in the fifth sentence, by striking ''County'' each place that term appears and inserting ''and Rockland Counties''.

(b) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue regulations implementing the amendments made by subsection (a).

SEC. 304. DEMOLITION OF PUBLIC HOUSING.

(a) REPEAL.—Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100–202; 101 Stat. 1329–213) is repealed.

(b) FUNDING AVAILABILITY.—Notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988, as that section existed on the day before the date of enactment of this Act, shall be eligible for demolition under—

(1) section 14 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act; and

(2) section 9 of the United States Housing Act of 1937, as amended by this Act.

SEC. 305. COORDINATION OF TAX CREDITS AND SECTION 8.

Notwithstanding any other provision of law, rehabilitation activities undertaken in projects using the Low-Income Housing Tax Credit allocated to developments in the City of New Brunswick, New Jersey, in 1991, are hereby deemed to have met the requirements for rehabilitation in accordance with clause (ii) of the third sentence of section 8(d)(2)(A) of the United States Housing Act of 1937, as amended.

SEC. 306. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in subsection (b), by inserting before the period at the end the following: ''and includes any other assistance provided under the United States Housing Act of 1937'';

(2) by adding at the end the following new subsection:

''(h) VERIFICATION OF ELIGIBILITY.—

''(1) IN GENERAL.—Except in the case of an election under paragraph (2)(A), no individual or family applying for financial assistance may receive such financial assistance prior to the affirmative establishment and verification of eligibility of that individual or family under this section by the Secretary or other appropriate entity.

''(2) RULES APPLICABLE TO PUBLIC HOUSING AGENCIES.—A public housing agency (as that term is defined in section 3 of the United States Housing Act of 1937)—

''(A) may elect not to comply with this section; and

''(B) in complying with this section—

''(i) may initiate procedures to affirmatively establish or verify the eligibility of an individual or family under this section at any time at which the public housing agency determines that such eligibility is in question, regardless of whether or not that individual or family is at or near the top of the waiting list of the public housing agency;

''(ii) may affirmatively establish or verify the eligibility of an individual or family under this section in accordance with the procedures set forth in section 274A(b)(1) of the Immigration and Nationality Act; and

''(iii) shall have access to any relevant information contained in the SAVE system (or any successor thereto) that relates to any individual or family applying for financial assistance.

''(3) ELIGIBILITY OF FAMILIES.—For purposes of this subsection, with respect to a family, the term 'eligibility' means the eligibility of each family member.''.

MOTION OFFERED BY MR. LAZIO OF NEW YORK

Mr. LAZIO of New York. Mr. Speaker, pursuant to section 2 of House Resolution 426, I offer a motion.

The Clerk read as follows:

Mr. LAZIO of New York moves to strike out all after the enacting clause of S. 1260 and insert in lieu thereof the provisions of H.R. 2406 as passed by the House, as follows:

[The text of H.R. 2406 will appear in a future issue of the RECORD.]

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time and passed.

The title of the Senate bill was amended so as to read: A bill to repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families and increase community control over such programs, and for other purposes.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 2406) was laid on the table.

APPOINTMENT OF CONFEREES

Mr. LAZIO of New York. Mr. Speaker, pursuant to section 2 of House Resolution 426, I offer a motion.

The Clerk read as follows:

Mr. LAZIO of New York moves that the House insist on its amendments to the bill (S. 1260) and request a conference with the Senate thereon.

The motion was agreed to.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. LEACH, LAZIO of New York, BEREUTER, BAKER of Louisiana, CASTLE, GONZALEZ, VENTO, and KENNEDY of Massachusetts.

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF HOUSE AMENDMENT TO S. 1260, UNITED STATES HOUSING ACT OF 1996

Mr. LAZIO of New York. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendment to S. 1260, the Clerk be authorized to correct section numbers, cross-references, punctuation and indentation, and to make any other technical and conforming change necessary to reflect the actions of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

SUMMARY OF MANAGER'S AMENDMENT TO H.R. 2406, UNITED STATES HOUSING ACT OF 1996

Mr. LAZIO of New York. Mr. Speaker, I ask unanimous consent to insert in the RECORD a summary of the manager's amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

MANAGERS AMENDMENT SUMMARY

BROOKE RENTS

This provision protects the very poor currently in public housing. It would put a cap on rent of up to 30% of income for families with income levels at or below 30% of area median income (currently, about 76% of the public housing inventory is occupied by such families). It would also impose a rent cap of up to 30% of family income for the elderly and disabled currently occupying public housing, regardless of their income levels. Adding the elderly brings the number of residents that would pay no more than 30% of their income as rent to 83% of current public housing residents. Adding the disabled would bring the number of those paying 30% of their income or below as rent up to 87% of public housing residents.

For prospective residents, those families with income levels at or below 30% of area median income would continue to pay up to but no more than 30% of their income as rent. It is important to note that the Brooke Amendment currently imposes a 30% floor on rents—a family will pay 30% of their income as rent. If their income goes up, their rent will go up. Chairman Lazio eliminates this disincentive—very poor families will pay no more than 30% of their income as rent—if their income goes up, the percentage of income that goes to rent could decrease.

For any families that may be subject to rent increases as a result of increased flexibility given to housing authorities, any rent increases over a certain amount will be phased-in over a period of up to three years, and other resident protections are provided.

MINIMUM RENTS

Most all agree that everyone who resides in public housing should contribute something in return for their housing. H.R. 2406 provides for mandatory minimum rents of no less than $25, but no more than $50, within the discretion of the local housing authorities. The local authorities are given discretion to grant ''hardship exceptions'' to protect those that may truly not be able to pay the minimum rent. No residents will be made homeless as a result of the passage of H.R. 2406.

TARGETING

This provision maintains a good amount of public housing geared toward serving the very poor. H.R. 2406 Reported required that 25% of a local housing authority's inventory would be for those at 30% or below of area median income. Chairman Lazio Manager's Amendment has increased the targeting level of public housing—at least 30% of public housing units must go to those at 30% or below of area median income, a level that would still enable housing authorities over time to create more income-mixed communities. For choice-based rental assistance, H.R. 2406 Reported contained no targeting provisions. The Manager's Amendment provides for a level of targeting whereby 50% of rental-based assistance will go to those at 60% of area median income, ensuring that the greater portion of such assistance shall go to lower-income families.

MOVING-TO-WORK FOR THE TWENTY-FIRST CENTURY

Finally, the Manager's Amendment has provided for the creation of a forward-looking program that would enable housing authorities to set rents, design and test various approaches for providing and administering housing assistance, give incentives to families to obtain employment and become self-sufficient, and increase housing choices and homeownership opportunities for lower-income families. One hundred high-performing local housing authorities will be selected each year for three years, and given the administrative flexibility to craft programs that would create an atmosphere where residents can succeed and ''graduate'' from public housing.

REVIEW OF HOUSING MANAGEMENT PLANS BY SECRETARY

This provision requires the Secretary to consider Management Plans that ''adequately identify'' the needs of low-income families and capital improvement needs. Additionally, the Secretary is authorized to reject management plans that are ''plainly inappropriate'' and inconsistent with this Act.

PUBLIC HOUSING RESIDENT EMPLOYMENT

This provision conforms the existing Housing and Urban Development Act of 1968 to H.R. 2406, and encourages employment of public housing residents in public housing development or modernization programs.

CREATES TWO FUNDING GRANTS

This provision modifies the current bill text by replacing one grant with two grants for capital needs and operation expenses. The amendment will allow modest fungibility of no more than 10% from the capital fund towards use in the operating fund. The capital fund is authorized at $2.5 billion for fiscal years 1977 through 2000; the operating fund is authorized at $2.8 billion for fiscal years 1977 through 2000. (Both funds at the FY 1996 enacted funded levels.)

ACCREDITATION AND PERFORMANCE EVALUATION

This provision modifies the Accreditation Board provisions to avoid duplicative functions undertaken by HUD and provides authority to the National Center for Housing Management (created by Executive Order in 1972) to create the Board during the first year. The Center will assist in determining performance indicators for evaluating local housing and management authorities. Additionally, this provision provides for the development of comprehensive and performance audits of the housing authorities.

REVISES STATEMENT OF PURPOSE TO EMPHASIZE SELF-SUFFICIENCY

This provision revises the statement of purpose to emphasize the intent to create and facilitate housing authorities that ultimately partner with residents to achieve self-sufficiency and transitioning out of public and assisted housing.

CREATES HOMEOWNERSHIP OPPORTUNITIES

This provision would clarify homeownership opportunities provided under the legislation and the ability of the housing authority and other low-income housing providers to undertake the process of preparation and sale of units to residents eligible for homeownership.

CREATES TENANT SELF-SUFFICIENCY CONTRACTS

This provision requires the housing authority to enter into binding agreements with recipients of public and assisted housing to undertake activities and programs that will culminate in self-sufficiency, transitioning and eventual graduation from public and assisted housing by a date certain contingent on the special and unique factors of the resident. The housing authority is authorized to enter into partnerships with state and local agencies, non-profits groups, academic institutions, and other groups with experience in facilitating self-sufficiency and graduation from public assistance. The agreements will be attached and incorporated into the lease and provide exemptions for elderly, disabled, students, and the certified impaired; additionally, changed circumstances can be taken into account in modifying the agreement. The Secretary is authorized to partner with resident council organizations to create a model self-sufficiency tenant agreement for voluntary use by the housing authority.

ELECTION OF RESIDENT BOARD MEMBERS

This provision requires resident membership on the Board of Directors of the local housing and management authority, with certain exceptions set forth in the statute. Language has been added requiring that such representative is elected by the residents of the authority, with procedures and guidelines for such elections to be set forth by the Secretary.

NATIONAL COMMISSION ON HOUSING ASSISTANCE PROGRAMS

An independent National Commission on Housing Programs Cost, is established for purposes of analyzing the full cost to the Federal Government, public housing agencies, State and local governments, and other parties, per assisted household, of the Federal assisted housing programs so that accurate per unit cost comparisons may be made between Federal assisted housing programs. The Commission will have nine members, three of which are appointed by the Secretary of HUD, three by the Senate, and three by the House. The activities of the Commission are authorized from amounts from HUD's Office of Policy Development and Research.

HUD OCCUPANCY PROVISION

This provision clarifies HUD occupancy policy by requiring HUD to follow state occupancy standards that prevent overcrowding and preclude federal government occupancy standards. In the absence of state occupancy standards, a two person per-bed policy is assumed reasonable.

REQUIRED CONVERSION OF BUILDING ASSISTANCE TO VOUCHERS

This provision clarifies and provides guidance on the factors necessary to require conversion of public housing assistance to vouchers, including whether the building(s) (i) is not viable, (ii) consists of vacancy rates of 10% or more without any plans for modernization, (iii) are not cost-effective for modernization, and (iv) consist of at least 300 units either in one building or on a contiguous site. Therefore, financial assistance for severely distressed buildings with no eventual useful life will be terminated and converted to housing voucher assistance.

VOLUNTARY VOUCHERING-OUT OF PUBLIC HOUSING

Local housing and management authorities, at their option, are given the power to convert public housing assistance into tenant-based assistance where the authority can demonstrate that the conversion will not be more expensive than continuing to operate the public housing development and will principally benefit the residents of the development, the local housing and management authority, and the community.

RESIDENT OPPORTUNITY PROGRAM

This provision allows the Secretary to provide technical assistance to resident councils for economic uplift (job-training, economic development, security and other self-sufficiency) and provides authority to require the

housing authority to become a co-grantee for administrative purposes. This provision will provide accountability through the housing authority and preclude fraudulent and abusive practices recently highlighted by hearings of the Committee on Government Operations.

PORTABILITY AND ADMINISTRATIVE FEES

Restores portability to the voucher program and solves some of the administrative problems associated with portability by directing the Secretary of HUD to take steps to ensure that the local housing authority that provides the services for a family receives all or part of the administrative fee. To prevent ''waiting list shopping'', the legislative enables a local housing authority to require that a family that receives assistance live in that jurisdiction for twelve months after the initial receipt of assistance.

SHOPPING INCENTIVE FOR ASSISTED FAMILIES

This provision allows for shopping incentives for assisted families under Choice-Based housing that rewards the market-rate selection or rental units that fall below the payment standard for that community. In cases where savings occur, the government will reward the tenant, while reducing the budget deficit by providing a savings account in the tenant's name for 50% of the savings incurred by selecting a quality but below rental market unit. The remaining 50% will be returned to the federal government for deficit reduction. The tenant may withdraw the money annually at the end of each year's lease agreement.

PROHIBITIONS ON OCCUPANCY FOR PUBLIC AND ASSISTED HOUSING FOR CRIMINAL OR ILLEGAL DRUG/ALCOHOL ABUSE AND SCREENING, GRIEVANCE AND EVICTION REFORMS

This legislation incorporates S. 1494—The Housing Opportunity Program Extension Act of 1996, enacted as Pub. L. 104–120 and extends tenant screening reforms to owners of assisted housing, i.e. non-public housing, including rural multifamily housing developments receiving assistance under the Housing Act of 1949. The owners of assisted housing and housing authorities may deny assistance to potential residents who have been convicted of criminal activity during the preceding three years prior to application for assistance. S. 1494/Pub. L. 104–120 provided flexibility to housing authorities to (i) designate certain developments elderly or disabled only; (ii) evict residents who threaten the safety of elderly and disabled residents in such designated housing; and (iii) expedite grievance and eviction procedures for drug-related and other criminal activity ''on or off'' the premises.

In addition to conforming language to S. 1494/Pub. L. 104–120, this provision provides access of criminal records, under strict confidentiality protections and penalties for misuse, for assisted housing screening. [Pub. L. 104–120 covered only public housing, while this provision extends those screening provisions to most federally-assisted housing.]

CDBG ENTITLEMENT COMMUNITY DESIGNATION

This provision grandfathers communities designated CDBG entitlement communities, based on a population of a least 50,000 residents, for at lest one year after 1989. [Some communities were eligible in 1990 and upon the findings of the 1990 census implemented in 1992–93, lost their eligibility status, notwithstanding their eligibility status in 1990.]

CDBG DISASTER RELIEF FOR LOS ANGELES

This provision extends, through 1998, the authority of the Los Angeles entitlement community to use no more than 25% of CDBG funds for public services during the reconstruction of some low and very-low income neighborhoods after the 1992 civil disturbance. [Congress had previously extended the public service cap from 15% to 24% for Los Angeles during the 1992 Housing Bill in response the Los Angeles crisis.]

HOMELESS AND SURPLUS PROPERTY COMMUNITY PARTICIPATION AND SELF-HELP HOUSING

This provision will amended Sec. 203 of the Federal Property Administrative Services Act by providing communities an opportunity to participate in the disposition of significant surplus property. Upon local review and collaboration, the GSA could transfer significant surplus property to homeless or non-profit low-income housing providers that undertake self-help housing. This provision will encourage homeownership and housing through significant participation (sweet-equity) by the potential residents. Title Vl of the McKinney Act is not repealed and surplus property not considered ''significant'' or approved by the local government will be processed through the current McKinney surplus property requirements.

RURAL COMMUNITIES AND MILITARY INSTALLATIONS

This provision designates Altus, Oklahoma as a rural community, through the year 2000, for purposes of eligibility of the Rural Housing Service programs, such as single and multifamily development. [The 20,000 population threshold was slightly exceeded because of a decennial census count that incorporated the population of a nearby military installation.]

PORTSMOUTH VA REVITALIZATION PLAN

Requires HUD to implement a revitalization plan for the City of Portsmouth, Virginia.

INCOME ELIGIBILITY STANDARDS FOR HOME AND CDBG PROGRAMS

Clarifies eligibility for HOME and CDBG programs so that all families earning up to 80% of area median income are eligible.

PROJECT IN NEW BRUNSWICK, NEW JERSEY

Allows Pennrose Properties, a low-income housing developer, to use low-income housing tax credits allocated in 1991 for use in rehabilitating a 98-unit project for the elderly. The reservation of these tax credits would otherwise lapse.

DEFINITION OF ADULT

Modifies the restrictions on divulging the criminal records of those convicted of crimes who are not adults to make also available the criminal records of minors who are tried and convicted as adults.

PROHIBITION OF FEDERAL INDEMNIFICATION OF INTELLECTUAL PROPERTY RIGHT INFRINGEMENT

Prohibit local housing authorities from using federal funds to indemnify contractors from judgments of infringement of intellectual property rights.

CONVERSION OF A LIMITED NUMBER OF PROJECT-BASED UNITS

Permits property owners to convert a portion of project-based units, upon vacancy, to market rate provided units are above the fair market rent for an area and the amount of contract subsidy saved is transferred to a local housing authority for use as choice-based certificates.

WAGE REQUIREMENTS

Narrows one of the exceptions to certain prevailing wage requirements that must be followed by a local housing authority.

CHOICE-BASED SCREENING AND EVICTION PROCEDURES

In connection with drug and other criminal activity, provides greater screening and eviction authority for most federally assisted housing, including section 8 project based.

HOPE VI PLANNING GRANTS

Provides a preference for previously awarded HOPE VI planning grants that were not funded by HUD.

GOLD CLAUSE CONTRACT

Clarifies interpretation of gold clause contract provision to terminate unintended consequences of 1977 law, including unfair treatment to leaseholders. The amendment ensures that the old gold clauses apply only when such a clause is the explicit intention of both parties to the contract.

ROCKLAND COUNTY, NY, CEILING LIMITS

Removes Rockland County from the metropolitan statistical area of New York for the establishment of any ceilings or limits based on income under the Act.

GENERAL LEAVE

Mr. LAZIO of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2406.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 1296, PROVIDING FOR ADMINISTRATION OF CERTAIN PRESIDIO PROPERTIES

Mr. YOUNG of Alaska. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1296) to provide for the administration of certain Presidio properties at minimal cost to the Federal taxpayer, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alaska?

Mr. MILLER of California. Mr. Speaker, reserving the right to object, and I do not intend to object, but I would like to take a moment to engage the gentleman from Alaska [Mr. YOUNG], the chairman of the committee, in a colloquy.

My concern, and I think the concern of others, is that recognizing that in both the House and Senate there has been strong bipartisan support for the underlying bill of the Presidio, but as is sometimes true to their nature, the Senate has added some 34 unrelated titles to the bill, some of which have not had hearings in our committee. That traditionally has opened the door for others who seek to have the same courtesy extended to them to add bills when we are in conference.

Mr. Speaker, my concern is that hopefully there will be some ground rules to the controversy of those items that might be added. I think most of the items currently in either the Senate or in the House bill are essentially noncontroversial. My concern is that as people start to see that this bill has a chance to leave the Congress and go to the President, more and more people will want to jump in the boat here, and

we will start taking on water, and all of a sudden we will find out this boat cannot handle it.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Speaker, I will say that I have been one that knows just about how much hay a team of mules can pull. I am not going to say that we are not going to add a little bit to what the mules are pulling now.

Mr. MILLER of California. Mr. Speaker, that is the gentleman's prerogative.

Mr. YOUNG of Alaska. I want to suggest respectfully that whatever happens, the gentleman will be in on the conference. It is my intention to see that the Presidio bill becomes a reality, but I cannot say that we will not add a few more straws to this wagonload that I hope the gentleman might see the wisdom of accepting, and where we disagree, I am confident that with the Senate side, we may not reach that point where they will be added, but I cannot say what will and will not be added to this wagonload, and it is a wagonload.

Most of those parts of hay have already been voted on in this House. There are a couple on the Senate side that were not, but have great interest to House Members on this side, and we have been reviewing each one of those that have been added. There may be a couple of others that we would like to solve a problem with on this side which I am sure the gentleman will support. Some he may not be too happy with.

□ 1830

But we are going to talk about that.

Mr. MILLER of California. Mr. Speaker, I thank the gentleman for his comments, and I am sure that the threshold will not be whether I am happy or not but we will try to determine another one. As many Members of the Congress are aware of the gentleman's past employment record as a river boat captain, I am sure he will understand that there is some point at which we cannot take on additional baggage without running aground here.

Mr. YOUNG of Alaska. Mr. Speaker, I am well aware of that. As an old river boat captain, I have never been on a sandbar yet. I know how to read the water. I know how fast the current is, and I know where I am going. Just help me out and we will get there together.

Mr. MILLER of California. Mr. Speaker, I am feeling happier already.

Mr. YOUNG of Alaska. Mr. Speaker, I appreciate that.

Mr. MILLER of California. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. BOEHNER). Is there objection to the request of the gentleman from Alaska? The Chair hears none and, without objection, appoints the following conferees: Messrs. YOUNG of Alaska; HANSEN; ALLARD; and HAYWORTH; Mrs. CUBIN; and Messrs. MILLER of California; RICHARDSON; and VENTO.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 2137. An act to amend the Violent Crime Control and Law Enforcement Act of 1994 to require the release of relevant information to protect the public from sexually violent offenders.

POSTPONING FURTHER CONSIDERATION OF H.R. 3286, ADOPTION PROMOTION AND STABILITY ACT OF 1996, AFTER INITIAL DEBATE UNTIL THE FOLLOWING LEGISLATIVE DAY

Mr. HYDE. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 3286, pursuant to House Resolution 428, notwithstanding the order of the previous question, it may be in order immediately after initial debate on the bill as amended for the Chair to postpone further consideration of the bill until the following legislative day, on which consideration may resume at a time designated by the Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REMOVAL OF NAME AS COSPONSOR OF H.R. 2086

Mr. GENE GREEN of Texas. Mr. Speaker, I ask unanimous consent to remove my name as a cosponsor of H.R. 2086.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

COMMONSENSE PRODUCT LIABILITY REFORM ACT OF 1996—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104–207)

The SPEAKER pro tempore. The unfinished business is the further consideration of the veto message of the President on the bill (H.R. 956) to establish legal standards and procedures for product liability litigation, and for other purposes.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

The gentleman from Illinois [Mr. HYDE] is recognized for 1 hour.

Mr. HYDE. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Michigan [Mr. CONYERS], the ranking member of the Committee on the Judiciary.

GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 956.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HYDE. Mr. Speaker, I yield 15 minutes of my time to the gentleman from Viriginia [Mr. BLILEY], the chairman of the Committee on Commerce, and I ask unanimous consent that he may be permitted to yield blocks of time to other Members.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HYDE. Mr. Speaker, I yield myself 10 minutes.

(Mr. HYDE asked and was given permission to revise and extend his remarks.)

Mr. HYDE. Mr. Speaker, one of the least meritorious reasons the President has listed for his veto was that this bill infringed on States' rights. The newly discovered respect for the 10th amendment is heartening but somewhat misplaced. In our mobile society, 80 percent of our manufactured goods are shipped across State lines, and the unpredictability of a patchwork of 50 different sets of laws and liabilities is a major factor prompting this commonsense bipartisan reform.

We do not help the consumer when factoring into insurance premiums the uncertainties of compliance with a myriad of different State laws and unpredictability of punitive damage awards. We only add to the cost of the product and render our industries less competitive with foreign companies.

Plaintiffs collect less than half of every dollar spent on the civil justice system. The rest goes to lawyers and court costs. One study found the cost of this litigation explosion last year alone was $152 billion, and this is money that could be spent on hiring new workers and investing in new equipment.

Tort reform does not deny valid claimants receiving adequate awards. It merely reduces the arbitrary excesses that harm consumers by discouraging many new products from being marketed, medical devices such as heart valve, pacemakers if they utilize silicon.

The Washington Post, no conservative house organ, says the primary beneficiaries of our current system are a group of wealthy and powerful professionals. Guess who they are speaking about? The arbitrary potential liability that can be imposed through unrestrained punitive damage forces unjustified settlements, increasing insurance costs, and the public, the consumer, loses in the end. Negligence should be actionable and deserving plaintiffs should recover adequate damages, but it is the arbitrary excesses that make our tort system top heavy

and this is what this legislation seeks to reform.

Thanks to the veto, the status quo will continue, costing consumers dearly. They will pay more for products or go without them because they will be pulled from the market because of the liability exposure.

The junior Senator from West Virginia said it all when he said, and I quote, ''Unfortunately, special interests and raw political considerations in the White House have overridden sound policy judgment.''

Mr. Speaker, the American public wants and deserves reform of our current out-of-control legal system. We need to replace the liability lottery that pervades our courts with sensible procedures. We need a legal system which will fairly compensate injured parties without making defendants pay well beyond their share of the fault, simply because those defendants are perceived to have the deep pocket.

It is no mystery to the average citizen that each of us pays for runaway product liability costs in the form of higher prices for the products we buy. Yet in placating the trial lawyers, the President has denied us all the benefits of long overdue tort reform. The sad thing is that the legislation the President has vetoed is a comparatively modest proposal, much narrower in scope than the bill which passed the House of Representatives on March 10, 1995 by a vote of 265 to 161.

This conference committee version is strongly supported by groups such as the National Federation of Independent Business, the American Council on Life Insurance, the National Association of Manufacturers, and the Health Care Liability Alliance. It also has the aggressive backing of many Members of the President's own party, among them Senator JAY ROCKEFELLER, whom I mentioned before.

The bill vetoed by the President contains provisions which would vastly improve the way product liability cases are tried and settled. It properly puts the blame for product liability injury on the manufacturers, not someone who is merely a reseller or someone who supplies component parts to a manufacturer of medical devices.

It also provides that if the use of alcohol or illegal drugs is more than 50 percent of the cause of an injury, the manufacturer is not liable. It would reduce the damages for which a defendant is liable by the percentage of responsibility for the harm attributed to the misuse or alteration of the product involved.

The President says he objects to the 15-year statute of repose, presumably because it is 5 years shorter than the Senate version. What he does not explain is that the 21 States which have enacted statutes of repose have all chosen limitations of 15 years or less. If we want U.S. manufacturers to be able to compete with foreign manufacturers, many of whom have only recently entered the market and thus bear no exposure for old products, we have to enact uniform, sensible cutoffs on liability.

The President also criticizes the specifics of what the bill does to limit a plaintiff's ability to recover damages. Let us not focus on what it does not, or rather, let us focus on what it does not do.

It does not change a plaintiff's ability to recover payment for loss of income, medical expenses and other economic damages.

While it imposes limitations on the recovery of punitive damages, the conference report version is much more generous to plaintiffs than was the original House-passed bill. Our bill limited punitive damage awards in all civil actions to three times economic damages or $250,000, whichever is greater. The conference report limits punitive damage awards only in product liability cases and the limit is twice economic and noneconomic damages or $250,000, whichever is greater.

In a major departure from the philosophy of the House approach, the conference report would permit a judge to exceed these limits under certain circumstances. The conference report also does not place any monetary cap on the amount of damages for pain and suffering and other noneconomic damages that may be recovered.

Let us remind ourselves of the consequences of failing to enact reform. This legislation would unleash an American job creation boom, translating into real growth for our economy.

It would particularly benefit small business, which has created the vast majority of all new jobs in this country since 1987. The need for this relief for the small business community is shown by the fact that it was the top issue to emerge from the 1986 White House Conference on Small Business. Tort reform and specifically many of the provisions contained in H.R. 956 was once again a high-priority recommendation of the 1995 White House conference.

The President's veto can only be viewed as an affront to this important segment of the American economy. Of course it is not a perfect bill, but it is a very good bill. It may not solve all the problems in our legal system, but it would be a workable first step in that direction.

It fairly balances the interest of plaintiffs and defendants in product liability cases. We are presented with a unique opportunity to obtain the ends of justice by giving the system certainty and imposing rational limits on damages.

Mr. Speaker, after nearly two decades of effort to fashion a comprehensive set of product liability reforms, we have the chance to enact a bipartisan consensus package of bottom-up reforms. These reforms are desperately needed to restore some fairness to our present system and to remove roadblocks to our country's economic growth and job creation.

We need to send the message to all Americans that this Congress means what it says in its commitment to broad-based legal reform and about bringing an end to lawsuit abuse. I urge my colleagues to join me in voting to override this unwise veto.

Mr. Speaker, I reserve the balance of my time.

Mr. CONYERS. Mr. Speaker, I yield myself such time as I may consume.

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Speaker, I rise to suggest to you that the President of the United States was correct to veto the bill before us, the product liability bill, as being harmful to working Americans and particularly discriminating against women, so I urge a ''no'' vote to sustain the veto.

This proposal to override is a continuation of the majority Republicans' war on public safety, on workers, on women, and on seniors. They continue their war for the special interests who have spent over $26 million in campaign contributions in an effort to tilt the legal system further in their favor. So let us not kid ourselves, no matter what is said here today, about where the special interests concern lies.

□ 1845

So far, amazingly, I have not heard the lawyers get beat up yet, but this is only the beginning of the debate. I always enjoy that part, where the lawyers are singled out as special interest people, when the hugest special interests in our political system are in there solid working on the other side.

That is the simple truth of the matter, and that is what this is all about. I was pleased that the President would veto this measure. I warned the committees in the process that this would likely happen, please include a few provisions that would have made this product liability bill make more sense. But, no. We had a conference committee, you may remember, in December. We had one opening meeting, and that was it. So much for any bipartisan attempts at working anything out.

I have been in more than one conference in this Congress that proceeded much along those lines. We were shut out. Fortunately, the President stepped in, and now, having had this veto, we are here now to determine whether we will override it or sustain the President in his veto.

Now, this bill has some problems. It has a lot of little problems, but it has some very big problems. The product liability bill would not only cap and limit the amount of damages an injured victim can recover, but would in many instances completely cut off the victim's right to seek compensation. Completely cut off the victim's right to seek compensation.

This is coming out of the Committee on the Judiciary, the committee that is supposed to be the watchdog over the freedoms of people.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Speaker, would the gentleman tell me under what circumstances someone is completely denied a right to seek recovery for damages?

Mr. CONYERS. Mr. Speaker, reclaiming my time, we could cut off their rights to seek compensation even in clear, uncontested cases of negligence.

Mr. HYDE. How so, would the gentleman tell me?

Mr. CONYERS. I will in just a moment, if I can proceed.

Mr. HYDE. That comes as a surprise to me. Maybe the gentleman knows something I do not, which is entirely possible.

Mr. CONYERS. Mr. Speaker, reclaiming my time, it has happened once or twice in this session. I will be happy to clarify this for the chairman, because he sounds sincere in his desire for this information.

It especially discriminates against working people, who this Congress will not provide an increase in the minimum wage for. It discriminates against women, who might lose their reproductive capacity as a result of deadly injury brought on by irresponsible corporate behavior.

So this is a one-way street of federalism, return power to the States, so long as it disadvantages consumers and the common folks. I reject that completely.

Now, to make matters even worse, we are considering this override at the very same time that the Republican majority I proposing to gut the safety regulations and eliminate safety agencies like the Consumer Product Safety Commission. That is going on in another bailiwick.

And if you do not think the threat of private lawsuits can help keep dangerous products off the market, just think about the history of personal injury litigation over the past decade or two. We know what has happened by the lawsuits brought by the parents of children who have been killed by wearing flammable pajamas. That was a direct result of personal injury litigation. Or the women who have been maimed by the copper 7 intrauterine device. There again, lawsuits, long and hard, that brought about a change in dangerous products.

Both the products are now off the market, thanks to good legal work and trial work and the threat of punitive damages. And that is what punitive damages are about.

This bill, however, will not reduce litigation, cannot reduce litigation, because we are up against the myth that product liability suits are exploding. Let us deal with that right off the bat here.

Product liability suits represent less than 2 percent of the litigation that goes on in the United States of America, less than 2 percent, and even those two 2 percent of cases are dropping, it is going down. And with that drop, product liability premiums are also dropping. So there. How much can we be interfering with economic development and expansion in the United States?

Punitive damages is always a great subject. Where are they taking place and how frequently? Punitive damages occur in about 14 cases a year, going back to the 1960's. The cap of $250,000 on punitive damages is a joke. It is not a deterrent. That is all punitive damages are for, and that is why they are used so rarely.

How can a Fortune 500 company, making annual revenues of billions of dollars, be deterred from placing a dangerous product on the market because of the threat of a punitive damages award that is hacked to literally nothing under this bill? That is why the special interests are behind the bill.

The next point that should be considered a big one as a reason to sustain the President in his veto is that this bill will also limit victims' rights to recover the non-economic damages when there are joint tortfeasors. So if a jointly produced product induces a loss of reproductive capacity in a housewife, she will be limited in her recovery, but if an expensively paid corporate executive is injured by a product and loses his salary, obviously, under this test, the bill ensures that he will be fully compensated.

So we have talked about the political special interests, but what about others? The electric, water, and gas utilities industries have obtained a provision overruling liability laws in states which hold them strictly liable for utility disasters. Is that a good thing for the consumers in America?

By the way, everybody is a consumer. Even the fat cats are consumers. The rich are consumers. The poor are consumers. Working people are consumers.

What are we thinking about here?

Oh, more special interests. The gun sellers and the bar owners obtained special language limiting their potential liability for careless sales to third parties, Now, that should go over big with the American citizenry.

This is a bill of the special interests. It is by the special interests, for the special interests, who have done so much to show their appreciation of the promoters of this piece of legislation, that could not pass a very modest level of muster from the White House.

We will be remembered in this 104th Congress as the Congress that did not do much, and even when we tried to do something, it was so poor that it had to be vetoed. I am counting on that veto being sustained, because those who continue to insist that we have to limit the rights of working Americans, limit the rights of consumers, make the legal system less accessible, I think are doing a disservice to the legal process and to the Congress that we are operating in. It is another example of a Republican legislative effort that is heading for the trash bin.

The President is right to veto the bill. It is harmful to consumers, it disrespects working Americans, it is discriminatory against women, and for any of those reasons and more, I think there is more than enough reason to vote no to sustain the veto.

Mr. Speaker, I reserve the balance of my time.

Mr. BLILEY. Mr. Speaker, I yield myself 4½ minutes.

Mr. Speaker, last month, this Congress handed the trial lawyer's lobby the biggest defeat they've ever faced, when we passed bipartisan, common sense product liability reform—reforms that would end the lawsuit lottery that is making the trial lawyers rich at the expense of every one of us who buys an American-made product—a ladder, an automobile, groceries, you name it.

It was a win, most of all, for American workers. That's because these product liability lawsuits are eating up $132 billion in this country every year—money that could be used to build new plants, buy new equipment, create new jobs.

And let's make no mistake about it, if we don't override this veto, those workers will be the ones to pay.

The Bureau of Labor Statistics' report for April showed that this economy created just 2,000 jobs in all of last month—fewer than 3 new jobs per State per day, and virtually every one of those in the public sector.

Yet while 2,000 were lucky enough to take jobs behind the desks of Government, another 17,000 American workers—8½ times that number—lost their manufacturing jobs.

They'll join the army of 319,000 Americans who've lost factory jobs in the year that began in April 1995.

These are the ones who are paying the price for Bill Clinton's veto of product liability reforms.

Well, Mr. President, you put the interests of the rich trial lawyers—the ones who gave so much to your campaign—ahead of the interests of those hundreds of thousands of laid-off American workers.

Ever since the liberal judges radicalized this country's product liability laws, the result has been a bonanza for America's trial lawyers, and a disaster for American factory workers. A 1988 conference board survey of chief executives found that 36 percent had reduced manufacturing operations because of fear of product liability lawsuits, 15 percent had laid off workers, and fully 8 percent had to close down factories altogether.

This is the second time in 6 months that Bill Clinton had a choice between American workers and his trial lawyer buddies. Both times, the workers lost.

Last December 19, remember, Bill Clinton vetoed commonsense securities litigation reform—another corruption of our justice system that makes a handful of lawyers rich, at the expense of all of us.

Back then, I led the fight on the floor against the veto. And less than 12 hours after the President used his veto pen, this Congress handed him the first override.

It was as proud a moment as I've had as a Member of this House.

Today, Mr. Speaker, let's do those American workers a favor. Let's repeat it.

□ 1900

Mr. Speaker, I reserve the balance of my time.

Mr. CONYERS. Mr. Speaker, I yield 5½ minutes to the gentleman from Michigan [Mr. DINGELL], dean of the House, dean of the Michigan delegation, my good friend, and once the former chairman of the Committee on Commerce.

Mr. DINGELL. Mr. Speaker, I begin by expressing my great affection for the distinguished gentleman from Illinois [Mr. HYDE], chairman of the Committee on the Judiciary, and also the distinguished gentleman from Virginia [Mr. BLILEY], chairman of the Committee on Commerce. They are fine Members and dear friends of mine and I have enormous respect and affection for both of them.

Mr. Speaker, I was, as this body knows, the individual who was in on addressing the problem of product liability early on. Our committee began the effort by moving out the first piece of legislation that ever came out of a congressional committee on this.

It is my view that product liability lawsuits have been much abused, and that serious and adverse economic consequences have struck the American economy, the American worker, and American businessman because of that, and I intend to vote to override the President's veto.

But, Mr. Speaker, I want to make it clear that I do it with a sense of heaviness in my heart. Without any ill will towards my good friend from Virginia [Mr. BLILEY], I want to make it plain that I think that was a very bad speech. This is not an issue which we should make a partisan issue. It is a broad question of the public good. Are we going to correct an abuse which is here?

The hard fact is that the handling of this bill has given the American public, I think, and the Members of this body, a clear impression that what is happening here is essentially a partisan exercise on the part of our Republican colleagues. Members on this side of the aisle were very much excluded from the discussions in the so-called conference which took place. There was no real conference in the traditional sense. Members had no opportunity to participate. There was no opportunity afforded the White House or the administration downtown to discuss concerns which they had with regard to the bill.

That is a very bad way to proceed. It was not an open House which functioned. It was not an open committee or an open conference which functioned. Rather, it was a very much closed and secretive undertaking. There were a couple of pro forma meetings which were, at best, opportunities for perhaps Bull Run speeches or perhaps for Members to say what they were going to do.

The real work was done behind closed doors at which Members, like myself, who wanted to participate and who could have participated and who would have participated in the bringing together of the divergent views which exist on the subject of product liability in a way that we could anticipate that this bill would then be signed into law, were excluded.

I think we are looking here, then, at a situation where the way this matter has been handled has been to assure not that a bill can be signed and not that a major economic and social problem is addressed, but simply so that we can have here an exercise in fingerpointing, something which is going to do two things: First, further alienate Members within this body on this subject, and, second, to assure that this bill is going to fall to a veto which has been given. A residue of great ill will is going to be left in this body which is going to adversely impact future efforts to address the problem of product liability.

I view those events as a great calamity. I think American industry does need relief from the kind of situation they confront, and I would point to the long hearings which we held in which we heard from industry, from individuals affected, even from the trial attorneys.

Those pointed up the need for change, but regrettably the process in which we are now engaged is going to assure that there is going to be no significant change. A veto is going to be upheld, vast fingerpointing will occur, ill will will remain and grow, and the problem of product liability litigation will not be resolved.

The final result of this is going to be that a great opportunity to do broad good for the American public, for the American economy, is going to be lost today.

My friend and colleague, Mr. BLILEY, talks about how this is an attempt on the part of the President to procure campaign contributions. I would point out that we all will be charged with receiving campaign contributions and I would point out this: There will be abundant campaign contributions befalling my Republican colleagues because of their views on this, probably larger campaign contributions than will fall on a Democrat who supports the President's veto.

I do not think that we ought to attribute, either to our colleagues or to the President of the United States or anybody else, the crass motive of proceeding solely on the basis of campaign contributions. I think we ought to give credit to each other for proceeding on the basis of the board public interest and doing good and carrying out our oath of office as we see that oath and that duty to compel us.

I reject the idea that we should then proceed in that fashion. I think that that is the way in which we do greatest credit to ourselves and to argue this question on the basis that somebody is doing something on the basis of a campaign contribution demeans the individual who is charged, but it demeans also the individual who makes the charge.

I would urge my colleague, if we are going to address this question here, let us address it from the standpoint of the broad public interest. But let us when we do so understand that we have some duty to bring all Members into the discussions, something which was not done here and something which has impaired in a severe way our opportunity to resolve a matter of very important concern to all Americans.

Mr. BLILEY. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I would just say to my great friend and the ranking minority member of the Committee on Commerce that I would have not brought up that about the President and about contributions had not the ranking member of the Committee on the Judiciary brought out about fat cats and Republicans, and I just thought we ought to respond and set the record straight for what it is.

Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Ohio [Mr. OXLEY], the chairman of the subcommittee.

(Mr. OXLEY asked and was given permission to revise and extend his remarks.)

Mr. OXLEY. Mr. Speaker, I rise today to ask the House to override the President's unfortunate veto of this very moderate approach to product liability. Let me say to my good friend from Michigan, who I have worked with for so many years on legal reform and specifically on product liability reform, that I am perhaps as frustrated with the process as he is. That is, the obvious concern that all of us had in the conference that the Senate made it very clear that the best we could get out of this conference on legal reform was a product liability bill, and that became the fait accompli.

So the stultifying meetings that we had, that the gentleman and I participated in, were as frustrating to me as to the gentleman because we would have done more, I think, had we been given the opportunity. I know the gentleman from Illinois and the gentleman from Virginia, the two chairmen, share my concerns about that.

But be that as it may, we have before us a pretty moderate approach to product liability, a bill that we worked on in our committee under the great leadership of the gentleman from Michigan, the now infamous ''tort class from hell'' that went on for 10 days, in which we produced, I think, a pretty good product, not dissimilar to the product that we have before us today that the President chose to veto.

I would say to those folks, including the gentleman from Massachusetts and others on the floor today who worked on that bill, this really is that product.

It is a moderate approach. It does not deny people their ability to recover damages for lost wages for pain and suffering, for medical damages. It does put some limits on punitive damages that have gone out of control.

As a matter of fact economist Paul Rubin at Emory University says that $82 billion of the $132 billion spent on tort liability has been pure waste, and that was just for 1 year, in 1990. That works out to $900 per household of wasted money, meaning more cost to the consumer in insurance costs and the like. That works out to $900 per U.S. household paid in higher prices for goods, services, and insurance premiums.

That is a very expensive proposition. Not only are we closing down some companies and putting people out of work, but at the same time we are costing the average consumer, the average household, $900 a year more than they would have had to pay otherwise because of many of these frivolous lawsuits.

So, Mr. Speaker, I would say to my colleagues, this very moderate approach to product liability, which is the first time this Congress has really faced up to that very serious issue, deserves our vote to override the President's veto.

Mr. HYDE. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Kansas [Mrs. MEYERS].

(Mrs. MEYERS of Kansas asked and was given permission to revise and extend her remarks.)

Mrs. MEYERS of Kansas. Mr. Speaker, I rise in strong support of today's effort to override the President's veto of H.R. 956, the Common Sense Product Liability Reform Act. Meaningful product liability reform is one. Most important small business issues, we will consider all year. The legislation we passed and sent to the President was a bipartisan effort by scores of individual Members of this House and the other body not only in this Congress but going back for several Congresses.

I believe that the President's veto of product liability reform legislation is a slap in the face to every small businessperson in this country. The delegates to the 1995 White House Conference on Small Business were dazzled by the President, who told them that his administration was ardently pro-small business, but as we all know, this President changes his mind. So, he has raised taxes, he has championed a mandatory costly health care bill, and now he has vetoed product liability reform which small business has been seeking for years.

Mr. Speaker, the fact is that the overwhelming majority of this Nation's small businesses have been crying out for meaningful product liability reform for years, and it was one of the top issues at the 1986 and 1995 White House conferences.

Mr. Speaker, it is important to small business. Because of the high cost of liability insurance and because small business operates without large profit margins, just one lawsuit can totally wipe out a small business.

Punitive damages are capped at $250,000 or two times noneconomic damage, whichever is less, for small business. Sellers are not liable if drugs or alcohol are more than 50 percent responsible for an accident. It provides a mechanism for settlement out of court.

□ 1915

The bill says a small business is only responsible for the proportionate share of blame, and it provides a statute of limitations. I truly regret this veto. For the sake of small business, I implore my colleagues on both sides of this aisle to override the veto.

The SPEAKER pro tempore (Mr. BOEHNER). The gentleman from Illinois [Mr. HYDE] has 3½ minutes remaining, the gentleman from Virginia [Mr. BLILEY] has 7¾ minutes remaining, and the gentleman from Michigan [Mr. CONYERS] has 11½ minutes remaining.

Mr. CONYERS. Mr. Speaker, I yield myself 1 minute.

My colleague, the gentleman from Michigan, [Mr. JOHN DINGELL], has properly decried the process that excluded us. I can suggest to you that the work product does not deserve much consideration here. But also I would like to point out to my friends, just as we lay to rest who is getting the money here, we cannot deny that the political action committees of corporations and organizations favoring tort reform contributed nearly $62 million between 1989 and 1994, as part of a multimillion dollar lobbying effort to overturn America's system of civil justice.

The trial lawyers, trial lawyers, contributed that $5.8 million, one-tenth of the total of legal reform proponents who came together in a massive coalition.

Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. SCOTT], a member of the Committee on the Judiciary.

Mr. SCOTT. Mr. Speaker, I thank the gentleman from Michigan for yielding time to me.

Mr. Speaker, we have heard a lot of allegations and some, most of it, exaggerated, a lot of anecdotes. Many of the anecdotes would have been received under appeal under the present law.

The fact of the matter is that the number of these cases is minuscule, especially when we look at the punitive damages cases, less than one per State per year. These have a very strong deterrent effect because every day corporations have to decide whether they are going to recall dangerous products or modify dangerous products that are killing or maiming people.

If this bill was passed, it would be cheaper to kill or maim people than to recall or modify the products. Punitive damage cases end the situation where corporations were selling children flammable pajamas because it was cheaper to sell those pajamas than to modify them so they would not go afire like newsprint.

We have heard about costs. We ought to have savings. A lot of people are not being maimed and injured as a result of tort reform and the deterrent effect.

Mr. Speaker, these laws we talk about as being uniform are not uniform. The only laws that are affected by these laws are those that are more draconian to consumers than the State laws. If the State has a more draconian law, then that law stays in effect under this legislation.

We also have a situation where joint and several liability is abolished. That is where the consumer, if he has a good case, a winning case, can sue many people and they have to decide how that damage is going to be apportioned. If this bill passes, it will be up to the consumer to try to find the unavailable defendants, those that may be insolvent. All of that will be borne by the victim.

Mr. Speaker, on this vote we should protect consumers. We should require corporate responsibility, and we should support the President's veto by voting no on the motion to override.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. DEAL], a member of the committee.

Mr. DEAL of Georgia. Mr. Speaker, I would briefly like to say that we should test this legislation by the light of reasonableness. When we do, I would ask the question, is it reasonable for punitive damages to be limited to a quarter of a million dollars or twice the compensatory damages? Most people think so.

Is it reasonable to give injuries that have multiple defendants the right to decide how much each of those defendants should have to pay rather than having the one who may be the last culpable have to pay it all? Most people think that is reasonable.

Is it reasonable to say a 2-year statute of limitations in which an action must be brought after the injury? Most people think so. Is it reasonable to have a 15-year statute of repose?

The President had to go no further than a member of his own Cabinet, our former colleague in the previous Congress, Mr. Glickman, who led the efforts in the last Congress to try to save an industry in his district, a small aircraft industry, that was faced with a similar prospect of extinction to find that this is certainly reasonable.

Based on the test of reasonableness, I would urge this Congress to override the President's veto. I thank the gentleman for yielding time to me.

Mr. HYDE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. GEKAS], a valued member of the committee.

Mr. GEKAS. When the President vetoed this product liability bill, Mr. Speaker, he also vetoed heart transplants, brain shunts, medical devices for replacement of knees, of hips, of shoulders, 100 different types of medical devices that are lifesaving or

health improving, borne by some 8 million Americans currently in the use of those medical devices and who knows how many yet to come who will require them. Why? Because the suppliers of vital elements that go into these medical devices have been going out of business or refusing to deal with the manufacturers of medical devices because of the large suits, liability suits that loom in front of them should they dare to supply a piece of plastic or a piece of wood or a piece of some other kind of element that goes into one of these medical devices, even if that little piece of that medical device had nothing to do at all with the injury that brought about the liability suit in the first place.

What this bill would have done, if the President would have signed it, would have been to release some of these companies from the burden of supplying some of these vital elements to medical devices, and we then in the Congress could rejoice on making ample supplies of these medical devices available to our fellow Americans.

I urge we override this veto so we can go about the business of encouraging the scientific community and the medical community to develop even better medical devices, more in tune with life saving and health improvement than even now we have on the books, and allow the President to be enlightened that a veto such as the one he has exercised here threatens the lives and the health of our fellow Americans.

Mr. CONYERS. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. MARKEY], one of the unsung members of the Committee on Commerce.

Mr. MARKEY. Mr. Speaker, the Common Sense Product Liability Legal Reform Act is an interesting title for this bill. I suppose the Republican majority decided to put common sense into the title because it is so clearly absent from the rest of the bill.

This legislation would take away the rights of working American families to meaningfully punish huge corporations that put faulty and sometimes deadly products onto the market and hurt American families. Eliminating such protections would give product manufacturers or sellers a green light to cut dangerous corners, to reap higher profits. The result? More deadly products like the Dalkon Shield, exploding Ford Pintos, flammable children's pajamas, defective heart valves and other nightmares that cause serious injury or death.

Now, interestingly, these cases are only 1 percent of the cases. Thirty-three percent of the cases in the courts are businesses suing other businesses. And the National Law Journal, looking into 12,000 cases that have gone on for more than 3 years in Federal court, came to the conclusion that almost all of them were businesses suing other businesses.

If we are going to deal with the backlog problem, let us look at that, not whether or not an individual where a lawnmower blew up in the wife or the daughter or the child's face can sue to collect. Let us deal with these businesses. So what weighty legal issues are businesses suing each other over? Let us take a look.

McDonald's sought a temporary restraining order to prevent Burger King from airing ads comparing the Big Mac unfavorably to the Whopper. Haagen Daz sued Frusen Gladje, alleging that it had infringed on Haagen Daz's exclusive right to market premium ice cream with a Scandinavian flair. Walt Disney sued the Motion Picture Academy to force a public apology for an unflattering portrayal of Snow White at the Academy Awards ceremonies. Scott Paper sued Proctor & Gamble claiming that it allegedly misled consumers about the absorptive power of Bounty paper towels by claiming Bounty was the quicker picker-upper.

And finally, Hormel Foods, maker of the luncheon meat Spam sued the Muppets production company to stop them from calling a character in a new Muppets movie Spa'am, alleging that the character represented an unclean, grotesque boar that would call into question the purity and the quality of its products. So the Republicans want to give Spam the right to put the Muppets on the witness stand to resolve these business issues, even if it takes 2 or 3 years in court. But if Joe Citizen has a defective product which has maimed him or his wife or any of his children, you are out of luck. We are putting limits on you. You are ruining the court system with the 1 percent of cases you bring in. The individual against businesses. But if businesses sue other businesses, no restrictions whatsoever.

This is the world on its head. This is a special interest business protection against individual Americans making corporations responsible for their own actions when they hurt Americans in our country.

The President's veto should be sustained.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. TAUZIN], a member of the committee.

Mr. TAUZIN. Mr. Speaker, what can we conclude about this Presidential veto? This is the second time the President has vetoed a tort reform bill passed by this House and Senate, passed by large numbers of both Republicans and Democrats. In fact, the last time he vetoed a tort reform bill we did, in fact, override his veto.

What can we conclude about this veto? First of all, we can conclude the President must think this bill is extreme. The gentleman in the well who just spoke obviously agrees with him. But the Democratic Senator ROCKEFELLER who supports the bill on the Senate side said special interests and raw political considerations of the White House have overridden sound policy judgment. Democratic Senator LIEBERMAN who worked closely with the President throughout this process said, President Clinton is dead wrong about this bill. It must be reasonable.

Let us look at the bill. It says that it is going to hold manufacturers primarily responsible instead of sellers. It says that it is going to reduce manufacturers' liability to the extent that a claimant has altered or misused a product. And it says that there is an absolute defense to drug and alcohol abuse. That certainly sounds reasonable to me.

What can we conclude? The President is against all tort reform. We ought to override his veto.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. WATT], a member of the Committee on the Judiciary.

Mr. WATT of North Carolina. Mr. Speaker, I thank the gentleman for yielding time to me.

My good friend's comments, the gentleman from Virginia [Mr. BLILEY], about trial lawyers reminded me of the saying that we always use when we are condemning lawyers: First thing we do, let us kill all the lawyers.

I want to remind my colleagues that that comment we often use comes from Shakespeare, ''Henry VI.''

□ 1930

Mr. Speaker, in the sense in which that line is used, a corrupt king and his followers are trying to figure out how to suspend everybody's freedoms and rights, and the only folks who could possibly stop that from happening? My colleagues guessed it: the lawyers.

So kill all the lawyers, if my colleagues want, but what they are trying to do in this case is to stand between the Republicans and the suspensions of the rights of the people, the people in this country.

As the gentleman from Massachusetts [Mr. MARKEY] has indicated there is no litigation explosion in product liability cases. The litigation explosion is in business versus business cases.

We have talked a lot about, in this Congress, personal responsibility. Punitive damages, and having individuals have the right to file lawsuits when they are injured by faulty products, is about corporate responsibility. If we favor personal responsibility, should we not also favor corporate responsibility?

And what about States' rights? I have talked about that before. My colleagues have talked about it and say they supported it. But for years and years and years, product liability has been determined under State law, and here we are, federalizing product liability.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. WHITE], a member of the committee.

Mr. WHITE. Mr. Speaker, I would like to ask my colleagues to consider a question.

Let us say you have a neighbor who has a drinking problem, and one night

he goes out and has too many drinks, he comes home, parks in front of my colleague's house, it is a wonder how he got there in the first place. He gets out of the car, barely can walk home, and on the way to his house, in front of my colleague's house, he falls down and hits his head on the mailbox.

Now, Mr. Speaker, do my colleagues think they should have to pay his medical expenses? I tell my colleagues something: President Clinton does. Because he vetoed this bill which solved that problem, among many other problems we have in our legal system.

Mr. Speaker, I am a lawyer. I have great respect for the law. But the fact is anybody who has practiced law in our system recently knows it is dramatically out of whack and needs to be fixed. This bill is a modest step in that direction. We should override the President's veto and make sure this actually becomes law.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas [Ms. JACKSON-LEE], a member of the committee.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, this is a ''three strikes, you're out'' bill, and for my colleagues, many of our States already have contributory negligence laws to accord for the poor fellow who has lost his way. But, No. 1, this legislation would say to someone, a woman who had been impacted in the 1980's by the Copper 7 intrauterine device by a company that knew that this particular device would keep women ultimately, because of its defect, from having children. Strike one, she would not be able to prevail under this proposed law.

Strike two: Just think of the two ladies in a Chicago elevator that fell to the ground because it had no slowing mechanism. They would not be able to prevail, though they were disabled for life, because it was older than 15 years old. How many of us get into elevators and begin to look to see when its last birthday was? Strike two.

Strike three: A farmer in 1990 was driving his tractor that he bought in 1966. It rolled over and killed him. He bought it from a Switzerland company, and he would not be able to prevail because it was older than 15 years old. Yet in Switzerland they were putting rollover fixtures in in 1959.

This is a bad bill. This is not a bill of special interests with the trial lawyers. This is about the American people. Let us vote for the American people, and let us sustain the President's veto.

Mr. Speaker, I rise today to express my opposition to this effort to override the President's veto of the conference report on H.R. 956, the product liability reform bill. This bill is not a good bill for consumers. It certainly does not level the playing field among consumers and manufactures.

While some elements of the current product liability system need to be reformed, this bill goes too far. There has been no great explosion of product liability lawsuits. The Justice Department's Bureau of Justice Statistics indicates that product liability cases represent only 1.6 percent of civil cases. Another influential study on product liability lawsuits indicates that there have been only an average of 14 jury awards of punitive damages annually for the last two decades.

Contrary to arguments made by proponents of the bill, the current system is not discouraging capital investment or increasing the costs of developing new products. In fact, the General Accounting Office reports that insurance costs to businesses represent less than 1 percent of most businesses' gross annual receipts. Moreover, the National Association of Insurance Commissioners indicate that product liability insurance premiums have dropped by nearly 30 percent over the last 6 years.

There are several real problems with this bill. First of all, it eliminates joint liability for noneconomic damages and caps punitive damages at $250,000 or two times compensatory damages, whichever is greater. The current system provides a powerful incentive for manufacturers to make strong efforts to ensure that their products are safe. A cap of $250,000 on punitive damages would mean that some large companies may incorporate this figure as a cost of doing business as they implement their quality control procedures for manufacturing products. Moreover, a provision in the bill permits judges to award punitive damages exceeding 250,000 in egregious circumstances would rarely be exercised.

Second, it preempts State law when such law favor consumers and defers to State law when such provisions favor the manufacturers. It also raises the burden of proof standard to clear and convincing evidence in order for a plaintiff to prevail in a lawsuit. It is interesting to note that many members of the majority party who strongly favor State rights are now eager to impose uniform, Federal product liability standards on all 50 States.

Another problem with this bill is that it eliminates joint and several liability for noneconomic losses because of its potentially disproportionate impact on women, children, and the elderly. It does, however, retain joint and several liability for economic losses such as lost wages. Noneconomic losses such as disfigurement or loss of fertility should be treated by the legal system the same way as economic losses such as lost wages.

Additionally, I am concerned about the statute of repose provision that prohibits courts from awarding damages for injuries caused by durable goods that are 15 years or older. The definition of durable goods is narrow and excludes various consumer products.

Mr. Speaker, I urge the Members of the House to sustain the President's veto.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. COX], chairman of the policy committee, a member of the Committee on Commerce.

Mr. COX of California. Mr. Speaker, to respond to my colleagues, when something is 15 years old, 20 years old, 30 years old, 100 years old, at some point the manufacturer stops being liable and the person who is responsible for maintaining the piece of equipment ought to become liable, and that is the common sense that is in this bill.

The truth is that in my part of the country, in California, southern California, we have a lot of lawyers in West Los Angeles. Just that part of the city, there are more lawyers than in all of Japan. California, our fourth largest industry is lawyers, just judged by their legal fees. The only bigger industries in California are health care, the movie industry, and computers. No. 4 is lawyers fees.

Our system is a great wheel of fortune, and to respond to my colleague from Massachusetts about the fraction of cases that have punitive damage awards or the fraction of cases that we are talking about here, over 90 percent of all cases never get a single day of trial. Therefore, they have no judgments; therefore, they have no damages. Everybody settles on the basis of what we euphemistically call transaction costs, by which we mean some sort of discounted estimation of the lawyers fees it would take to get to the other end, and, therefore, there is not any justice. Or if there is justice, it is entirely random.

We started out in the House of Representatives with a much broader bill. We covered services as well as products. We covered health care lawsuits. All of this now is out. We are down to products, and my colleague from Massachusetts joined with others to get everything else out of the bill, and now he says we are only covering products. In fact, he took out a rule that would have made people bringing frivolous lawsuits pay the costs of the other side so that we get all of those cases out of the courts, and now we are down to this.

The Washington Post has endorsed it. It is very reasonable. Our Democratic colleagues in the Senate have said President Clinton here is catering to special interests. I would not say that. But the truth is that the high cost of litigation, the perverse incentives, the slow cumbersome system that we have got right now, demands reform which we have not had here for 40 years.

This bill deserves to become law. Override President Clinton's veto. He has proven there is no tort reform he will support. It is up to us to see this job through.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. GANSKE], a member of the committee.

Mr. GANSKE. Mr. Speaker, I rise today in strong support of overriding the President's veto on the product liability bill.

A recent op-ed in my hometown newspaper criticized the tort reform bill because it made it more difficult to collect punitive damages, but that is the purpose of the bill.

When we see an Alabama jury awarding $4 million in punitive damages in a case in which the plaintiff sustained only $4,000 in natural losses, something is wrong.

Why do we need limits to punitive damages? Because the costs are passed on to our constituents who pay more for goods and services to make up for the high price of lawsuit abuse.

This legislation would ensure the injured parties are fully compensated for all their losses, both economic and noneconomic. But it would prevent them from hurting others by the excessive awards of punitive damages which keep people from getting the types of goods and services they need.

Mr. Speaker, I urge my colleagues to join me in overriding the President's veto.

Mr. CONYERS. Mr. Speaker, I yield myself 10 seconds to respond to a question asked earlier by the chairman.

Mr. Speaker, he wanted to know the name of somebody who could get their victims rights cut off and could not even sue. I give him the name of Carla Miller because, under the statute of repose, we would cut off any ability to recover in cases of clear misconduct or negligence.

Mr. Speaker, I yield 20 seconds to the gentlewoman from California [Ms. LOFGREN], a member of the Committee on the Judiciary.

Ms. LOFGREN. Mr. Speaker, I have heard a lot of talk today about what the people want. Six weeks ago, the people of California considered whether or not they should lose their right to a recovery when wrongdoing occurred, and they voted not to do that. I think that when they find out that the tobacco companies, the NRA and others want to keep them from holding wrongdoers to account, that the Consumers Union and Mothers Against Drunk Driving disagree, that they will agree with me that we should not override the President's veto.

Mr. BLILEY. Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentleman from Illinois [Mr. HYDE].

The SPEAKER pro tempore (Mr. BOEHNER). Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. CONYERS. Mr. Speaker, I yield the remainder of the time on this side to the distinguished gentleman from Michigan [Mr. BONIOR].

The SPEAKER pro tempore. The gentleman from Michigan is recognized for 2 minutes.

Mr. BONIOR. Mr. Speaker, let us be clear what this bill does. If one is a corporate CEO, he can make $1 million a year; God forbid he should be in an accident because of a product malfunction. This bill says that he can receive full recovery of his economic losses. But if one is a working mom, she makes $15,000 a year, and she should get in that same accident, and that accident involves more than one wrongdoer, and God forbid she should lose her ability to have children, she may never be fully compensated for her pain and loss. That is what this bill does.

It says that the lives of corporate CEO's and the bankers and the economic elite in our country are more important and more valuable than the lives of working men and women.

Mr. Speaker, we do not need a bill that tilts the balance away from victims of defective products and toward the big corporations who make them, and we certainly do not need a bill that gives foreign manufacturers a leg up on American companies. If foreign businesses can sell their products here, they should be held accountable if anything goes wrong.

Mr. Speaker, we live in a country where 98 percent of all the income growth since 1979 has gone to the top 20 percent, yet four times in this House alone the Republicans and their leadership have blocked our efforts to raise the minimum wage, and today once again we are trying to write special rules for the privileged and the wealthy. Enough is enough. It is a tragedy when anybody is injured by a faulty product. Let us not make women and children and seniors pay a special price.

Mr. Speaker, these are the reasons why the President vetoed the bill. I urge my colleagues, stand up for fairness, stand up for working families, help us sustain the President's veto, and stand up for fairness for a change.

□ 1945

Mr. HYDE. Mr. Speaker, I yield myself such time as I may consume. This has been an interesting debate, and remarkable by statements from the other side, many of whose Members know so many things that are just not so, Mr. Speaker.

The gentlewoman from Houston, TX, talked about an elevator older than 15 years falling to the ground in a building, and denying the passenger a chance to recover. My gosh, that is a negligence suit. Any building that would have a faulty elevator, any lawyer that you can name would have a theory to sue on that one and take the building over for damages.

Mr. Speaker, nobody is denied a right to sue for damages. I heard that again and again and again. It is the runaway punitive damages. You can get your pain and suffering, your loss of use, your permanent disability, your out-of-pocket expenses. Those are all recoverable. It is the punitive damages that also are recoverable, but are restricted from running away. That is all this bill does.

Mr. Speaker, we heard about the minimum wage from more than one or two speakers. We heard it from my friend, the gentleman from Michigan, and we heard it from the other gentleman from Michigan. This has been an all-Michigan presentation, with the gentlemen from Michigan, Mr. DINGELL, Mr. BONIOR, and Mr. CONYERS. I am sorry we could not match you in Michiganders.

But we heard about the minimum wage, we heard about the Consumer Product Safety Commission, we heard about everything but this bill. This bill protects a legitimate plaintiff. It does not do an awful lot for the plaintiff's lawyers, but they do pretty good anyway. I hate to say they are a special interest, but I do not think being a special interest is the worst thing in the world. So are teachers; so are Congressmen, for that matter.

Mr. Speaker, I suggest that if Members want to maintain the status quo, then stay with the President. But if they agree with Senators ROCKEFELLER and LIEBERMAN and other Democrats, as well as ourselves, then vote to override.

Mrs. COLLINS of Illinois. Mr. Speaker, I rise in support of the Presidential veto of H.R. 956, and I do so for a number of reasons. First and foremost, is the fact that it is far from the commonsense reform that it has been advertised to be. While this legislation is bolstered by a good deal for Gingrich-Armey Republican rhetoric, it is supported by little empirical need.

This bill as passed by the radical Republicans, goes against States' rights, it imposes arbitrary ceilings on punitive damages, eliminates joint liability for noneconomic damages such as pain and suffering which prevents many persons from receiving full compensation when injured, and it unjustly discriminates against the most vulnerable members of our society—the elderly, the poor, the young, and women.

Liability costs to American industries represent less than 1 percent of their total operating costs and the fact remains that all companies, both foreign and domestic, are subject to the same laws in each State as well as abroad. What the current product liability system has done is increased American innovation and our reputation for safe and reliable products—something in which we can take pride and must continue.

Mr. Speaker, H.R. 956, as passed, represented an absolute Federal power grab in an area that has historically been the province of the States. As a popular phrase in my city of Chicago states, ''Stick around and the weather is bound to change,'' and it seems a similar phrase could be used to refer to the manner in which my friends on the other side of the aisle continue to legislate with respect to State's rights.

Once again, the Gingrich-Armey Republicans have shoved down the throats of the American public a big business special aid bill, and we are thankful for a courageous President who isn't afraid to stand up for the people as he did when he vetoed this bill.

People who have been wronged by negligence and failure of big business to address issues of safety and sanity deserve to be able to seek and get remedies that include monetary damages. This bill would only undermine the ability of courts to provide relief to victims of harmful products, and thereby take away incentives to protect the health and safety of the public.

For these reasons, I urge my colleagues to vote to sustain the President's veto of H.R. 956.

The SPEAKER pro tempore (Mr. BOEHNER). All time for debate has expired.

Pursuant to the order of the House of Monday, May 6, 1996, the previous question is ordered.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution this vote must be determined by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 258, nays 163, not voting 13, as follows:

[Roll No. 162]

YEAS—258

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Dingell
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gingrich
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kaptur
Kasich
Kelly
Kennelly
Kim
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
McNulty
Metcalf
Meyers
Mica
Miller (FL)
Minge
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Payne (VA)
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Reed
Regula
Riggs
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NAYS—163

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barrett (WI)
Beilenson
Bentsen
Berman
Bishop
Bonior
Borski
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clyburn
Coble
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cummings
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dixon
Doggett
Doyle
Durbin
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gilman
Gonzalez
Green (TX)
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kildee
King
Kleczka
LaFalce
Lantos
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Mink
Moakley
Mollohan
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Richardson
Rivers
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Skaggs
Skelton
Stark
Stokes
Studds
Stupak
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—13

Becerra
Bevill
Dickey
Engel
Klink
Laughlin
Molinari
Paxon
Roberts
Schroeder
Tanner
Torricelli
Weldon (PA)

□ 2011

Mr. EDWARDS and Mr. HEFNER changed their vote from ''nay'' to ''yea.''

So, two-thirds not have voted in favor thereof, the veto of the President was sustained and the bill was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. KNOLLENBERG). The bill and the message will be referred to the Committee on the Judiciary.

The Clerk will notify the Senate of the action of the House.

PROVIDING FOR CONSIDERATION OF H.R. 3322, OMNIBUS CIVILIAN SCIENCE AUTHORIZATION ACT OF 1996

Ms. GREENE of Utah. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 427 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 427

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 3322) to authorize appropriations for fiscal year 1997 for civilian science activities of the Federal Government, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 2(l)(2) of rule XI are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Science. After general debate the bill shall be considered for amendment under the five-minute rule. The bill shall be considered by title rather than by section. The first section and each title shall be considered as read. Points of order against provisions in the bill for failure to comply with clause 5(a) of rule XXI are waived. Before consideration of any other amendment it shall be in order to consider the amendment printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Walker of Pennsylvania or his designee. That amendment shall be considered as read, may amend portions of the bill not yet read for amendment, shall be debatable for ten minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. If that amendment is adopted, the bill, as amended, shall be considered as the original bill for the purpose of further amendment. During further consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 2015

The SPEAKER pro tempore (Mr. KNOLLENBERG). The gentlewoman from Utah [Ms. GREENE] is recognized for 1 hour.

Ms. GREENE of Utah. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from California [Mr. BEILENSON], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, H. Res. 427 provides for consideration of H.R. 3322, the Omnibus Civilian Science Authorization Act. This is an open rule providing for one hour of debate. The resolution makes in order a manager's amendment, and gives priority recognition to Members who have had their amendments preprinted in the CONGRESSIONAL RECORD. The resolution waives the House rule requiring a quorum in order to report a bill. The Rules Committee understands that this is a technical violation, and that there was no intentional violation

of the rules. In addition, there are two technical violations in the bill relating to appropriating in a legislative bill. The resolution waives that rule as the Committee understands that the manager's amendment will address these concerns. Finally, the resolution provides for one motion to recommit.

Mr. Speaker, this is an open rule providing for consideration of a bill to authorize fiscal year 1997 appropriations for most programs and missions under the jurisdiction of the Science Committee. H.R. 3322 authorizes spending for the following programs:

The National Science Foundation; the National Aeronautics and Space Administration [NASA]; the National Oceanic and Atmospheric Administration [NOAA]; The Environmental Protection Agency [EPA]; various scientific and technical research programs within the National Institute of Standards and Technology [NIST]; Federal fire prevention and control; and research, engineering and development within the Federal Aviation Administration [FAA].

I would like to commend the chairman, the gentleman from Pennsylvania, BOB WALKER, for crafting a bill that makes the necessary tough budget decisions and, at the same time, makes responsible decisions to ensure that we fund our highest priority programs.

This open rule will give Members the opportunity to offer any amendments that they feel will address their concerns with the bill and fully participate in the amendment process. I urge my colleagues to support this resolution and the underlying bill.

Mr. Speaker, I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BEILENSON asked and was given permission to revise and extend his remarks.)

Mr. BEILENSON. Mr. Speaker, I thank the gentlewoman from Utah [Ms. GREENE] for yielding the customary 30 minutes of debate time to me. I yield myself such time as I may consume.

Mr. Speaker, we support this open rule for H.R. 3322, the omnibus civilian science authorization bill.

However, we believe this bill is seriously encumbered by the Science Committee's indifference to and disregard of the deliberative committee process. And we are disturbed that the Committee on Rules is, in effect, condoning those procedural abuses.

Frankly, we would find the way this bill was brought to the floor disturbing, whatever the rule provided. The type of rule, in this case, is not the issue.

The issue is process, and it is one that should be of special concern to the Committee on Rules—the committee charged with ensuring that regular procedure and rules are followed, unless there is a very good reason for not doing so.

Mr. Speaker, one specific waiver in the rule illustrates most strongly our concerns about the way H.R. 3322 was considered, and the haste with which it was reported.

The rule waives clause 2(l)(2) of rule XI against this bill, a rule that requires that a quorum be present when a committee reports a measure. That is a rule that was never specifically waived when Democrats were in the majority.

The rule is being waived in this instance because the bill, H.R. 3322, was never actually before the Science Committee when the committee reported the legislation. Instead, the Committee followed an unusual route, reporting out the chairman's mark of this bill, which was introduced the next day.

Chairman WALKER testified to the Rules Committee that his committee misunderstood the advice they were given on how best to proceed at that point, and we accept his explanation.

However, our point is that the waiver reflects the far too prevalent pattern of circumvention of the standard committee process in bringing bills to the floor.

If the standard process had been followed, with subcommittee markups and the full committee considering the subcommittees' products rather than a chairman's mark that few people had seen, this situation would have been averted.

Mr. Speaker, further complicating the way the bill was considered, the Science Committee, as it did for the first time last year, combined several of its major authorization bills into one omnibus measure. The bill this rule makes in order should actually be receiving the time we would have given, in past Congresses, to five bills.

Merging most of the authorization bills for civilian research and development, usually considered separately, into a single, multi-billion dollar markup vehicle meant that members of the committee had much less time, and so were unable to focus on all the important issues. The effect will be the same on the House floor, limiting debate and deliberations severely.

In our opinion, that is extremely unwise, especially when we are considering the direction of programs that represent major investments in our Nation's future.

The ranking member of the committee, the gentleman from California [Mr. BROWN] predicted last year that this strategy would be unsuccessful in the Senate, where the separate authorizations are unlikely to be considered in one omnibus package. He was correct.

So it is especially difficult to understand why the majority decided to pursue once again this strategy that seems doomed to failure.

In addition, we are disturbed about the chairman's decision to bypass subcommittee markups on this bill, which instead went directly to the full committee for markup.

This action was taken despite the official objections of the ranking Democratic subcommittee members, who noted in dissenting views in the committee report that the entire process by which the committee considered the bill ''represents a new low point in the increasing marginalization of the committee's deliberative process.''

The distinguished ranking member of the Science Committee, Mr. BROWN, described the process by which the bill was considered as one that minimized, at every opportunity, careful consideration and thoughtful debate.

As my colleagues well know, the ranking member is the perfect example of type of policy specialist who has served the committee system in the House so well and so fairly.

We should be making the maximum use of his expertise. His warnings about this bill, about the way it has been and is being considered, should not go unheeded.

His concerns go to the heart of the importance of the authorization process that gives the House the opportunity to consider broad policy issues after conscientious consideration under the committee hearing and markup process.

The gentleman has been speaking eloquently about the significance of this procedure for many years, and I fear we have not listened carefully enough to his warnings about abusing the deliberative authorization process.

Certainly, we ought to have more time and more information before we cut so severely programs that are crucial to how we make investments in new knowledge and technologies.

Mr. Speaker, the ranking member brought other procedural concerns to our attention:

Instead of negotiating with members of the majority on the committee who opposed his energy R&D proposal, the Chairman simply took those provisions out of the bill entirely, even though those programs are a major component of Federal civilian basic research funding.

The committee was required to comply with artificial budget constraints, even though we have no House-passed budget resolution that suggests any kind of caps or cuts in funding.

The committee was given an inadequate amount of time to study the bill before markup. Members has little time to read the bill, much less understand the ramifications of its provisions. Further, the hearing record that should back up the legislative product was totally inadequate, giving members little opportunity to make informed policy choices.

Mr. Speaker, the substance of the bill itself is disturbing. It represents a continuation of the trend in last year's budget resolution, which called for a 33-percent cut in civilian research and development by the year 2002. It cuts more than $1.3 billion from the President's budget request, which many Members consider very modest.

The bill unfortunately also continues the disinvestment in the scientific infrastructure that supports our understanding of the environment by further

cutting the programs that bring better science to bear on environmental problems. It reduces funding for key environmental research in global change by cutting NASA's Mission to Planet Earth and research at NOAA and EPA.

Unwisely in our opinion, it would effectively terminate much of the research to determine the validity of the global warming phenomenon.

It continues the attack on the National Science Foundation's research in social and behavioral sciences without the benefit of hearings or oversight.

It damages our ability to stay competitive in international markets, by eliminating the Advanced Technology Program and severely cutting the Manufacturing Extension Program.

All in all, Mr. Speaker, this omnibus bill represents a massive disinvestment in our civilian research and development efforts, at a time we should be doing just the opposite.

We shall be supporting the substitute to be offered by the ranking member of the Science Committee. It is a good alternative that maintains a proper level of funding in technology development and environmental research programs. We must continue our strong support for our Nation's R&D programs, and we believe the substitute deserves support.

Mr. Speaker, to repeat, we support this open rule. It is especially important for a bill that is so seriously lacking in the type of thoughtful committee consideration that it deserved.

Mr. Speaker, I reserve the balance of my time.

Ms. GREENE of Utah. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in terms of the process on this bill, we feel confident that there is no intentional violation of the rules, and there is not a pattern of disregarding the rules of the committee. The substance of the bill will be addressed through this open rule, and any Member who has concerns about any shortcomings they feel are present in the bill will have an opportunity to offer such amendments as they feel appropriate.

Mr. BEILENSON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. GREENE of Utah. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 3286, ADOPTION PROMOTION AND STABILITY ACT OF 1996

Ms. PRYCE. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 428 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 428

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3286) to help families defray adoption costs, and to promote the adoption of minority children. The amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) an amendment to title II of the bill, as amended, if offered by Representative Gibbons of Florida or his designee, which shall be considered as read and shall be separately debatable for thirty minutes equally divided and controlled by the proponent and an opponent; (3) the amendment recommended by the Committee on Resources (applied to the bill, as amended), if offered by Representative Young of Alaska or a designee, which shall be considered as read and shall be separately debatable for thirty minutes equally divided and controlled by the proponent and an opponent; and (4) one motion to recommit, which may include instructions only if offered by the minority leader or his designee.

The SPEAKER pro tempore (Mrs. MORELLA). The gentlewoman from Ohio [Ms. PRYCE] is recognized for 1 hour.

Ms. PRYCE. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to my good friend, the gentleman from Ohio [Mr. HALL], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

GENERAL LEAVE

Ms. PRYCE. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and that I be permitted to insert extraneous materials in the RECORD on H.R. 3286.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Ms. PRYCE. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, House Resolution 428 provides for the consideration of H.R. 3286, the Adoption Promotion and Stability Act of 1996, under a modified closed rule. The rule provides for 1 hour of general debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The rule also provides for consideration of the bill in the House without intervention of any point of order, and makes in order the amendment in the nature of a substitute recommended by the Committee on Ways and Means, now printed in the bill.

The rule provides for the consideration of an amendment to title II of the bill, as amended, if offered by Representative GIBBONS of Florida, or his designee. The amendment will be considered as read, and will be debatable for 30 minutes equally divided between the proponent and an opponent.

The rule further provides for the consideration of the amendment recommended by the Committee on Resources, if offered by Representative YOUNG of Alaska, or his designee. That amendment will also be considered as read, and will be debatable for 30 minutes equally divided between the proponent and an opponent.

Finally, the rule provides for one motion to recommit, which may include instructions only if offered by the minority leader or his designee.

Madam Speaker, let me say that with respect to the amendment process, the Rules Committee has tried to be fair and balanced, allowing one amendment to be offered from each side of the aisle. Although the Committee heard testimony on several worthwhile amendments to the bill, some of which I individually supported, many of the proposals would have affected titles under the jurisdiction of the Ways and Means Committee.

As my colleagues may know, in the past the Rules Committee has observed the bipartisan custom of carefully limiting amendments to matters within the jurisdiction of the Ways and Means Committee, especially proposals that would directly affect the Tax Code and Federal revenues, as we continue to do so under this rule.

Madam Speaker, today, under the terms of this fair rule, the House will consider important legislation that seeks to promote and encourage the practice of adoption. As an adoptive parent myself, I can say quite honestly that being able to provide a child with a safe, stable, and loving family environment through a successful adoption can be one of life's most rewarding experiences.

Unfortunately, adoption in the United States is all too rare. The best available information indicates that roughly 450,000 children live in foster care at any given moment.

Although Federal programs exist to support adoption, foster care, and family services, significant obstacles still remain. Adoption costs alone present a major disincentive, but in addition, parents are forced to think twice out of fear that an adoptive placement may be reversed, and a close family unit tragically torn apart.

The bill, and this rule, reflect our belief that Federal policy must be directed toward removing the barriers that currently discourage adoption. To that end, H.R. 3286 contains three elements that are essential to any successful pro-adoption strategy.

First, the legislation recognizes that the very costs associated with adoption, which can be as much as $15,000 or more in some cases, are a significant obstacle. To help families defray these costs, the bill includes an invaluable tax credit for up to $5,000 for qualified adoption expenses, and recommends specific revenue offsets to pay for that tax credit.

Second, H.R. 3286 seeks to remove barriers to inter-ethnic adoption. The bill would prohibit a State or any other entity that receives Federal assistance from denying or delaying a child's adoption because of the race, color, or national origin of the child or the person seeking to adopt the child. Hopefully, this provision will help ensure that more minority children will find their way into loving homes across the country, regardless of the race of the family seeking to adopt.

Finally, this legislation addresses a subject which many of my colleagues and I believe is critical to preserving the long-term protection of children and stability of adoptive placements once they are made. Title III of the bill contains provisions to make very modest reforms to the Indian Child Welfare Act, which is the 1978 law governing the custody of Native American children.

Let me be clear about one thing, Madam Speaker: I believe the act, or ICWA, as it is also known, was well-intentioned legislation, and I remain very supportive of its original and intended objective. The former practice of placing Indian children outside of their tribes merely due to cultural differences was clearly shameful.

However, the subsequent misapplication of ICWA to overturn and disrupt adoptions where the children involved have no tribal affiliation and only a minimal degree of Indian lineage, is equally shameful.

Clarification of this law is absolutely essential. The act's overly broad interpretation by Government-paid lawyers and liberal courts has had unintended and very very tragic consequences for children, adoptive parents, and birth parents alike. In many cases, voluntary adoptions, consented to by birth parents, have been prevented by courts that have misapplied ICWA. And, children with as little as 1/64 of Native American heritage have been deemed to be covered under the act, and removed from the only homes they've known.

As a result, the law's broad application has discouraged adoption, even of Indian and non-Indian children alike. It has generated extensive and expensive litigation, and it has led to the heart-wrenching anguish of removing children from the only parents and homes they have ever known. Indian children are now more likely to languish in foster homes because some tribes will not allow their adoption by non-Indian parents, or because prospective parents are not willing to consider adoption of children who may be subject to ICWA claims at a later point in time. This modest proposal removes one more obstacle for couples who want to offer loving homes to children, but don't because they fear becoming the next front page news story of an adoption tragedy.

Madam Speaker, I know that the distinguished chairman of the Resources Committee, Mr. YOUNG, and I have different views on the ICWA issue. Under this rule, the gentleman from Alaska will have the opportunity to be heard on his amendment to the bill. But, I hope my colleagues will understand that the language in title III provides nothing more than a common sense clarification of ICWA, to the benefit of all children in need of loving, permanent homes, without infringing upon the sovereignty and rights of the Native American community.

My concern is simply that we have lost sight of what is in the best interests of the children involved. Children are not chattel, Mr. Speaker, nor are they the personal property of Indian tribes or their parents. They are individuals who have precious, unique, fundamental rights and needs. Above all, they have the right to permanency in a loving, nurturing family environment with stability and security. They have these rights regardless of their race, as do all American children. So, I would ask my colleagues to do what is right for the children, and keep this essential title part of the pro-adoption package.

In closing, Madam Speaker, let me urge Members on both sides of the aisle to support this resolution. It is an appropriate and fair rule which is consistent with our past bipartisan practices. We have the opportunity to strengthen the American family by passing this adoption legislation today, and I urge every Member to vote ''yes'' on the rule, and to vote ''yes'' on the bill.

Madam Speaker, I include the following for the RECORD.

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,[1] 104TH CONGRESS V. 104TH CONGRESS

[As of May 8, 1996]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open[2]	46	44	68	61
Modified Closed[3]	49	47	27	24
Closed[4]	9	9	17	15
Total	104	100	112	100

[1] This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

[2] An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

[3] A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

[4] A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

[As of May 8, 1996]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350–71 (1/19/95).
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255–172 (1/25/95).
		H.J. Res. 1	Balanced Budget Amdt	
H. Res. 51 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 52 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95).
H. Res. 60 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95).
H. Res. 61 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	O	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229–100; A: 227–127 (2/15/95).
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230–191; A: 229–188 (2/21/95).
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95).
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282–144 (2/22/95).
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252–175 (2/23/95).
H. Res. 96 (2/24/95)	MO	H.R. 1022	Risk Assessment	A: 253–165 (2/27/95).
H. Res. 100 (2/27/95)	O	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95).
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271–151 (3/2/95).
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	A: voice vote (3/6/95).
H. Res. 105 (3/6/95)	MO			A: 257–155 (3/7/95).
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95).
H. Res. 109 (3/8/95)	MC			PQ: 234–191 A: 247–181 (3/9/95).
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps	A: 242–190 (3/15/95).
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amdt	A: voice vote (3/28/95).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of May 8, 1996]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95).
H. Res. 119 (3/21/95)	MC			A: 217–211 (3/22/95).
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 423–1 (4/4/95).
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: voice vote (4/6/95).
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228–204 (4/5/95).
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 253–172 (4/6/95).
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95).
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95).
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414–4 (5/10/95).
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95).
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95).
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95).
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252–170 A: 255–168 (5/17/95).
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233–176 (5/23/95).
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225–191 A: 233–183 (6/13/95).
H. Res. 167 (6/15/95)	O	H.R. 1817	MilCon Appropriations FY 1996	PQ: 223–180 A: 245–155 (6/16/95).
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232–196 A: 236–191 (6/20/95).
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221–178 A: 217–175 (6/22/95).
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95).
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258–170 A: 271–152 (6/28/95).
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps	PQ: 236–194 A: 234–192 (6/29/95).
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235–193 D: 192–238 (7/12/95).
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230–194 A: 229–195 (7/13/95).
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242–185 A: voice vote (7/18/95).
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232–192 A: voice vote (7/18/95).
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95).
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217–202 (7/21/95).
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95).
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95).
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230–189 (7/25/95).
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95).
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409–1 (7/31/95).
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 255–156 (8/2/95).
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323–104 (8/2/95).
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	A: voice vote (9/12/95).
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	A: voice vote (9/12/95).
H. Res. 218 (9/12/95)	O	H.R. 1162	Deficit Reduction Lockbox	A: voice vote (9/13/95).
H. Res. 219 (9/12/95)	O	H.R. 1670	Federal Acquisition Reform Act	A: 414–0 (9/13/95).
H. Res. 222 (9/18/95)	O	H.R. 1617	CAREERS Act	A: 388–2 (9/19/95).
H. Res. 224 (9/19/95)	O	H.R. 2274	Natl. Highway System	PQ: 241–173 A: 375–39–1 (9/20/95).
H. Res. 225 (9/19/95)	MC	H.R. 927	Cuban Liberty & Dem. Solidarity	A: 304–118 (9/20/95).
H. Res. 226 (9/21/95)	O	H.R. 743	Team Act	A: 344–66–1 (9/27/95).
H. Res. 227 (9/21/95)	O	H.R. 1170	3-Judge Court	A: voice vote (9/28/95).
H. Res. 228 (9/21/95)	O	H.R. 1601	Internatl. Space Station	A: voice vote (9/27/95).
H. Res. 230 (9/27/95)	C	H.J. Res. 108	Continuing Resolution FY 1996	A: voice vote (9/28/95).
H. Res. 234 (9/29/95)	O	H.R. 2405	Omnibus Science Auth	A: voice vote (10/11/95).
H. Res. 237 (10/17/95)	MC	H.R. 2259	Disapprove Sentencing Guidelines	A: voice vote (10/18/95).
H. Res. 238 (10/18/95)	MC	H.R. 2425	Medicare Preservation Act	PQ: 231–194 A: 227–192 (10/19/95).
H. Res. 239 (10/19/95)	C	H.R. 2492	Leg. Branch Approps	PQ: 235–184 A: voice vote (10/31/95).
H. Res. 245 (10/25/95)	MC	H. Con. Res. 109	Social Security Earnings Reform	PQ: 228–191 A: 235–185 (10/26/95).
		H.R. 2491	Seven-Year Balanced Budget	
H. Res. 251 (10/31/95)	C	H.R. 1833	Partial Birth Abortion Ban	A: 237–190 (11/1/95).
H. Res. 252 (10/31/95)	MO	H.R. 2546	D.C. Approps.	A: 241–181 (11/1/95).
H. Res. 257 (11/7/95)	C	H.J. Res. 115	Cont. Res. FY 1996	A: 216–210 (11/8/95).
H. Res. 258 (11/8/95)	MC	H.R. 2586	Debt Limit	A: 220–200 (11/10/95).
H. Res. 259 (11/9/95)	O	H.R. 2539	ICC Termination Act	A: voice vote (11/14/95).
H. Res. 261 (11/9/95)	C	H.J. Res. 115	Cont. Resolution	A: 223–182 (11/10/95).
H. Res. 262 (11/9/95)	C	H.R. 2586	Increase Debt Limit	A: 220–185 (11/10/95).
H. Res. 269 (11/15/95)	O	H.R. 2564	Lobbying Reform	A: voice vote (11/16/95).
H. Res. 270 (11/15/95)	C	H.J. Res. 122	Further Cont. Resolution	A: 229–176 (11/15/95).
H. Res. 273 (11/16/95)	MC	H.R. 2606	Prohibition on Funds for Bosnia	A: 239–181 (11/17/95).
H. Res. 284 (11/29/95)	O	H.R. 1788	Amtrak Reform	A: voice vote (11/30/95).
H. Res. 287 (11/30/95)	O	H.R. 1350	Maritime Security Act	A: voice vote (12/6/95).
H. Res. 293 (12/7/95)	C	H.R. 2621	Protect Federal Trust Funds	PQ: 223–183 A: 228–184 (12/14/95).
H. Res. 303 (12/13/95)	O	H.R. 1745	Utah Public Lands.	
H. Res. 309 (12/18/95)	C	H.Con. Res. 122	Budget Res. W/President	PQ: 230–188 A: 229–189 (12/19/95).
H. Res. 313 (12/19/95)	O	H.R. 558	Texas Low-Level Radioactive	A: voice vote (12/20/95).
H. Res. 323 (12/21/95)	C	H.R. 2677	Natl. Parks & Wildlife Refuge	Tabled (2/28/96).
H. Res. 366 (2/27/96)	MC	H.R. 2854	Farm Bill	PQ: 228–182 A: 244–168 (2/28/96).
H. Res. 368 (2/28/96)	O	H.R. 994	Small Business Growth	
H. Res. 371 (3/6/96)	C	H.R. 3021	Debt Limit Increase	A: voice vote (3/7/96).
H. Res. 372 (3/6/96)	MC	H.R. 3019	Cont. Approps. FY 1996	PQ: voice vote A: 235–175 (3/7/96).
H. Res. 380 (3/12/96)	MC	H.R. 2703	Effective Death Penalty	A: 251–157 (3/13/96).
H. Res. 384 (3/14/96)	MC	H.R. 2202	Immigration	PQ: 233–152 A: voice vote (3/21/96).
H. Res. 386 (3/20/96)	C	H.J. Res. 165	Further Cont. Approps	PQ: 234–187 A: 237–183 (3/21/96).
H. Res. 388 (3/20/96)	C	H.R. 125	Gun Crime Enforcement	A: 244–166 (3/22/96).
H. Res. 391 (3/27/96)	C	H.R. 3136	Contract w/America Advancement	PQ: 232–180 A: 232–177, (3/28/96).
H. Res. 392 (3/27/96)	MC	H.R. 3103	Health Coverage Affordability	PQ: 229–186 A: Voice Vote (3/29/96).
H. Res. 395 (3/29/96)	MC	H.J. Res. 159	Tax Limitation Const. Amdmt.	PQ: 232–168 A: 234–162 (4/15/96).
H. Res. 396 (3/29/96)	O	H.R. 842	Truth in Budgeting Act	A: voice vote (4/17/96).
H. Res. 409 (4/23/96)	O	H.R. 2715	Paperwork Elimination Act	A: voice vote (4/24/96).
H. Res. 410 (4/23/96)	O	H.R. 1675	Natl. Wildlife Refuge	A: voice vote (4/24/96).
H. Res. 411 (4/23/96)	O	H.J. Res. 175	Further Cont. Approps. FY 1996	A: voice vote (4/24/96).
H. Res. 418 (4/30/96)	O	H.R. 2641	U.S. Marshals Service	PQ: 219–203 A: voice vote (5/1/96).
H. Res. 419 (4/30/96)	O	H.R. 2149	Ocean Shipping Reform	A: 422–0 (5/1/96).
H. Res. 421 (5/2/96)	O	H.R. 2974	Crimes Against Children & Elderly	A: Voice Vote (5/7/96).
H. Res. 422 (5/2/96)	O	H.R. 3120	Witness & Jury Tampering	A: Voice Vote (5/7/96).
H. Res. 426 (5/7/96)	O	H.R. 2406	U.S. Housing Act of 1996	PQ: 218–208 A: Voice Vote (5/8/96)
H. Res. 427 (5/7/96)	O	H.R. 3322	Omnibus Civilian Science Auth	
H. Res. 428 (5/7/96)	MC	H.R. 3286	Adoption Promotion & Stability	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

☐ 2030

Ms. PRYCE. Madam Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Madam Speaker, I yield myself such time as I may consume.

(Mr. HALL of Ohio asked and was given permission to revise and extend his remarks.)

Mr. HALL of Ohio. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I thank my colleague from Ohio, Ms. PRYCE, for yielding me the time. I recognize the very special importance this bill has to my Ohio friend.

House Resolution 428 is a modified closed rule which will allow consideration of H.R. 3286, the Adoption Promotion and Stability Act of 1996.

As my colleague from Ohio described, this rule provides 1 hour of general debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

It provides for only two amendments. Representative GIBBONS or his designee may offer one amendment to title II of

the bill. Representative YOUNG of Alaska or his designee may offer the other amendment.

The rule provides for one motion to recommit, which may include instructions, if offered by the minority leader or his designee.

H.R. 3286 provides a tax credit to parents of an adopted child of up to $5,000 to cover certain adoption-related expenses. H.R. 3286 aims to bring more children from foster homes into loving families, which should be an important goal of our Nation.

Under the rule, no floor amendments may be offered to titles I and IV of the bill. This continues the custom of closed rules for tax-related bills from the Ways and Means Committee.

However, neither title II nor title III deals with tax matters, and title III falls under the jurisdiction of the Resources Committee. For these reasons, titles II and III should be subject to an open rule and fully amendable on the House floor.

Unfortunately, the Rules Committee chose to make only two amendments in order.

Madam Speaker, this bill makes an important contribution to strengthen American families by promoting adoption. I regret that under this rule, the House will be denied the full opportunity to amend the bill and add to the contribution that the bill makes.

Madam Speaker, I reserve the balance of my time.

Ms. PRYCE. Madam Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON], my good friend who has been such a big help on this bill and the chairman of the Committee on Rules.

Mr. SOLOMON. Madam Speaker, I certainly thank the gentlewoman from Ohio [Ms. PRYCE] for yielding the time and I commend her for her leadership in bringing this legislation to the floor, along with the gentlewoman from New York [Ms. MOLINARI] and others, like the gentleman from Kansas [Mr. TIAHRT], because without all of this effort this bill would not be here today. It is so terribly, terribly important to the children of this Nation, Madam Speaker, that are really the future backbone of our Nation.

Madam Speaker, I am not going to bother to explain the rule and the contents of all of this legislation, except to say that there is one section in this bill, title III, that addresses what I consider overly broad interpretations of the Indian Child Welfare Act of 1978, and that needs to be clarified because its broad interpretations has prevented even voluntary adoptions by birth parents to other families. That is the part that is so sad.

This has caused the removal of children already settled in caring, in secure adoptive homes because the child may have as little as 1/32 Native American blood or even 1/64, and that is such a shame because, Madam Speaker, the Indian Child Welfare Act was passed in response to a terrible problem that existed back at that time because of unwarranted removals of children from public and private agencies.

Madam Speaker, this was clearly an unjust situation that needed to be corrected in order to protect the sanctity of the Native American family. But the way the Indian Child Welfare Act has been implemented has been, even voluntarily, extremely difficult. As a matter of fact, it has been impossible.

Therefore, this bill would fix that problem, and this is so important if Members are listening back in their offices, or whenever they are, because by exempting from tribal court those Indian child custody proceedings involving Indian children whose parents do not maintain significant social, cultural, or political affiliation with the tribe of which the parents are members, whether it is reining in government spending, providing tax breaks for families, or providing a healthy home life for all American children, this Congress has not lost its focus on ensuring a prosperous future for our children and our grandchildren.

Madam Speaker, let me speak from a personal experience just briefly. I almost never do this, Madam Speaker, but my dad walked out on me and my mom when I was born and we never laid eyes on him again. This was in 1930, back in the very beginning of the Depression.

Because of extenuating circumstances, I was separated from my mother for many, many years, 15 years. I can recall being shuttled from one home to another. But the thing I noticed the most was when I went to some other children's house and there was a mother and father there, I looked at them with such envy.

And then I look today at all of these children, 600,000 of them today that live in foster homes, and Madam Speaker, there are 2 million of them that are homeless that need homes, not just 600,000. And only 10 percent of those in foster care today have any kind of chance at all of being adopted.

Madam Speaker, that is not right. This legislation will correct that from the $5,000 tax credit, from the interracial problem that we are straightening out, and by saying to Indian children, even if you are registered with a tribe, that is fine. But you cannot come 6 months or 5 years later and snatch the children away from these loving, caring parents. That is not what is right. That is what we are trying to correct here today.

Madam Speaker, I say to my colleagues, please, please come over here and vote for this rule. But more important than that, vote against the amendment to be offered by the gentleman from Alaska [Mr. YOUNG], my dear friend, that would leave things exactly as they are, leave the status quo, and nothing would improve for all of these homeless children in America for another 4 or 5 years. We cannot let that happen.

Mr. HALL of Ohio. Madam Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. GEPHARDT], our very distinguished minority leader.

Mr. GEPHARDT. Madam Speaker, I rise to urge my colleagues to support this rule and to support this bill to make it easier and more affordable to adopt a child in this country.

We talk a lot about the issue of families in this Chamber, and what we can do to strengthen them, support them, and help them. This is a bill with broad bipartisan support that will actually make it easier to create families.

Too many precious young children grow up in foster care, shuttling from foster home to foster home without even one real parent to raise them to teach them basic values and decency, indeed to love them.

Right now, there are more than 5,000 children in foster care in my State of Missouri, over 1,100 in St. Louis city and County alone. But the simple fact is that there are parents longing to adopt them and care for them who simply cannot afford or think they cannot afford to do it.

Imagine this, that there are couples who are desperate to open their homes to children without families, yet they simply cannot meet the price tag. An adoption can cost as much as $20,000 in this country. I do not know of many families who can afford that kind of money. If we as a society really believe in family values, if we really want to put families first and fight for the children who will inherit this country, we have got to do all we can to encourage adoption to make it cheaper and to make it easier.

This bill will not solve all the problems, but it is an important start. A $5,000 tax credit could make the crucial difference for many middle-class families, families trying to get in the middle-class who want to adopt a child. By voting for this bill, we put our money where our mouths are. We create thousands of loving families where today there are shattered dreams. If you ask me, these are the kind of votes that we ought to have in this Chamber.

So, I urge my colleagues to support this rule, support this bill, and give children a chance at the kind of family life they need and so richly deserve.

Ms. PRYCE. Madam Speaker, I yield 2 minutes to my friend, the gentlewoman from Utah [Ms. GREENE].

□ 2045

Ms. GREENE of Utah. Madam Speaker, I rise in strong support of this rule and of the Adoption Promotion and Stability Act. This rule provides for fair consideration of these important issues. The House has traditionally considered legislation affecting revenues under a structured rule. This rule continues that tradition, and it also provides for a clear up or down vote on proposed changes to the Indian Child Welfare Act.

Madam Speaker, this bill will help eliminate the financial barriers that discourage families from adopting children. As an adopted child myself, I am

very grateful that my parents had the means to complete the adoption process. But unfortunately, there are too many children today who need loving homes and who could be adopted but whose prospective families cannot afford the associated expenses, which can total $10,000 or $15,000 or more per adoption. This bill will give willing families the financial assistance they need to adopt children into stable, caring homes.

In addition, this bill will help ensure that more minority children are adopted. Currently about half of all children eligible for adoption in our country are minorities. Too often, current practice regarding racial preferences stands in the way of these children becoming part of a loving family. This bill will ensure that a child's adoption cannot be denied simply because of that child's race or national origin.

Finally, this bill will address some of the unintended consequences of the Indian Child Welfare Act. That act was established to correct the egregious situation of Native American children being forcefully removed from their homes without due process and for unwarranted reasons.

Unfortunately, however, the Indian Child Welfare Act has not always served the best interests of the child. The act has been applied beyond its intended purpose of protecting Indian children and their families, resulting in tragic consequences as the rights of prospective children and parents are made subordinate to tribal claims. This has had a chilling effect on adoptions. Most tragically, we see the anguish of children being removed from the only homes they have ever known.

I believe this bill will help clarify the scope of the Indian Child Welfare Act so that we can prevent these tragic situations and promote the adoption of children whose parents have no significant affiliation with the tribe.

I urge my colleagues to give more children the benefits of a loving home and parents that I had. I urge adoption of the rule and the bill.

Mr. HALL of Ohio. Madam Speaker, I yield 7 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Madam Speaker, I thank the gentleman for yielding time to me.

I commend the authors of this legislation for bringing it to the floor. I have spent almost my entire public life trying to make it easier for children to be adopted and to try to find permanent placements for children in foster care. The tax provisions of this bill, the tax credit here will obviously be very helpful in helping those families defray the cost of adoption, which for all too many families is in fact a very real barrier to adoption.

Madam Speaker, I am also happy with the changes that have been made. Unfortunately, they continue to be necessary on the interethnic adoption. I joined Senator Metzenbaum and others a couple of years ago to try to reduce these barriers and get rid of these barriers so that race would not become a barrier to adoption for those children.

As was stated here, we have some 450,000 children in adoption, most of whom are looking for permanent placement. We know the impacts of permanent placement on these children. They do much better in permanent placement, in a loving situation, than bouncing from foster home to foster home where their interests very often are just simply not taken care of in spite of the hundreds of thousands of wonderful foster parents that take children in, sometimes in the middle of the night with little or no notice.

Madam Speaker, I rise tonight to take issue with title III of this legislation that would take from Indian tribes of this Nation and of those Indian nations jurisdiction over the adoption of those Indian children. It would do so in the most egregious fashion under this legislation. While we have spent the last 14 months talking about devolving authority back to the State Governments and to local governments, in one fell swoop in this legislation what we would do is we would federally describe what is membership in a tribe. We would do that even in the case of where half of the largest tribe in this Nation probably could not meet that membership test.

But that is not a membership qualification for us to set. It is very difficult for people to understand that the Indian tribes in this country are sovereign nations. What the Indian Child Welfare Act sought to remedy, and that is not to suggest that it did it perfectly and that it cannot be improved, but what it sought to remedy was the invasion of those sovereign nations and their children being drained away from their nations, those children being adopted outside, out of sight of the tribe, far in excess of their numbers.

But it does that now to suggest that somehow, if the parent does not meet a two-part test, that the tribe has no interest in that child and maybe even the grandparents have no interest in that child, no matter how loving those grandparents might be of that child, because perhaps their child left the reservation, went to live in the city, maybe for whatever reasons got married, did not get married but had a child. We are now going to test the interest of that child and that tribe and those grandparents against the actions of the parent of that child. We are now determining who is and who is not a member of a tribe for the purposes of the enforcement of tribal laws, customs and heritage.

We do not do that with adoptions in the State of California, the State of Ohio, the State of Indiana, State of Florida. We do not do that. But the suggestion here is that somehow the tribes have mismanaged this or somehow the tribes are not doing a decent job or somehow the tribes are coming and yanking children out of adoptions when they are finalized. That is not the case.

Madam Speaker, the case that has been cited very often in pursuing this amendment is one where one of the adoptive parents simply engaged in fraud during the adoptive process. We all have copies of the documents. He chose not to notify the tribes and chose to conceal his Indian background, however limited.

That was the intentional effort to engage in fraud. So now in reaction to that, what we are suggesting is we are going to wipe out the qualifications for memberships that tribes may set for their own members and may have set for decades or for hundreds of years. We are going to impose some notion of our sense of percentage of blood to satisfy us as opposed to what the tribe makes a determination of what an enrolled member is or is not. I am deeply concerned about that. I am deeply concerned because it is an invasion of that sovereignty.

This is not to suggest that somehow there are not loving parents, there are not loving grandparents, there is not extended family on the reservations who want those children, who adopt those children and in fact do it all of the time. But their rights are completely destroyed by our interpretation of the parents' actions with respect to the birth of that child, whether they chose to enroll that child immediately or did not. We now negate the interests of all of the other family members around that tribe.

Madam Speaker, we would not do this to grandparents anywhere else. We would not do this to grandparents. We would not destroy their standing, their ability to compete, to have the tribe represent them, to try to see whether or not they could take that child, perhaps as opposed to another placement. Yet that is what it is.

The gentlewoman and others have raised legitimate concerns about the administration of this act. In fact, the tribes of this Nation that were not consulted with this amendment are meeting in June to discuss how to better administer this act. We have been holding off legislation to let the tribes come together in June and make those determinations. But what we in fact now have is a rush to judgment here about the future of these children, about the interests of the tribes, about the membership in those tribes that far exceeds, far exceeds the problems that have been raised with this act.

I would hope that the chairman of the committee tomorrow, in the debate on this amendment and elsewhere, will commit to reporting out a bill. But it ought to have the airing, and it ought to be run by the tribes that are affected. This has not been. This has not been.

So I raise these concerns because this is most serious. It is most serious. It ought not to be rushed to. The rest of this legislation is important and good and valuable, and we ought to get on

with it because there are parents who are waiting for the opportunity and families who are waiting for the opportunity that the rest of this bill provides.

With respect to the custody of Indian children and the adoption of Indian children, we ought to just pause for a minute, because we are speaking in much broader terms here, much broader terms than can be justified under the most difficult cases.

I just want to say, in closing, let us not pretend that somehow the State courts do adoptions right, that people do not show up late in the process, that parents do not change their mind. So we are not going from an imperfect system to a perfect system. We are going to a process that we all know pains us all. It is a most difficult process.

Ms. PRYCE. Madam Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. BURTON], who does so much work for the cause of adoption.

Mr. BURTON of Indiana. Madam Speaker, I want to compliment the gentlewoman from Ohio for her participation and hard work on this. I know she has done yeoman service.

Let me just say that we also ought to thank a fellow who started with nothing, who became one of the greatest entrepreneurs in the world, started at 15 as an orphan, almost, Dave Thomas of Wendy's. He came up here on the hill a number of times and testified. Without his help, I am not sure we would be here tonight with this bill. So, Dave, if you are watching, thanks a lot for all your help.

I spent some time in the Marian County Guardians Home. Kids who are in foster care in a guardians home want to get out. They want a loving home, and they want loving parents. And to keep them incarcerated, incarcerated in foster homes for long periods of time is just dead wrong.

We had a hearing this week and the gentlewoman from Ohio [Ms. PRYCE] brought in a gentleman to testify. I want to tell you a story, a practical story about what happens because of the problem we are having with the tribes as far as adoption is concerned.

This fellow adopted a child who was 1/16, I believe, 2 children, twins that were 1/16 Indian. He had complete cooperation from the parents. I do not think he even knew at that time that they had any Indian blood in them. Nevertheless, he adopted them. Two years later, 2 years later actions were taken to try to take those children away from him because they were 1/16 Indian.

Let me tell you what happened to that family. He has spent $300,000 trying to keep his children; the children love him. He loves them. The mother loves the kids. They love her. And the children are in constant danger of being taken away from that family. The family is just about bankrupt. I think they have even mortgaged their home.

That is not right. That has to be changed. There ought to be some constraints, some limits on how long any Indian tribe or any group has to take a child back in that kind of a case.

I tell you, to take a child that has its roots established like a tree in that family for 2 years out of that family is just absolutely unconscionable. So this law needs to be passed in its entirety right now. It does not need the amendment.

I love the gentleman from Alaska, DON YOUNG. I have great respect for the gentleman from California. But we need to think about the families who adopted these kids. We need to think about the children who we want to get out of foster care into loving homes and after 2 years and $300,000 and taking a second mortgage on your home and losing everything and still have the possibility of having those children taken away from you is wrong.

People across the country who watch television, who have seen these heart-rending cases where children are taken out in the middle of night by sheriffs because of a law in one State or another or because of a tribal law, people in this country do not like that. They want to change it.

This is a good law. It needs to be kept intact. I love DON YOUNG. He is a good friend of mine. We are working on other legislation. But, DON, you are wrong on this one. Let us let this thing as it is.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mrs. MORELLA). The Chair must remind all Members that remarks in debate should be addressed to the Chair and not to the viewing audience.

Mr. HALL of Ohio. Madam Speaker, I yield 30 seconds to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Madam Speaker, I just want to say to the gentleman from Indiana, we ought not to base this on those hard anecdotal cases. We all witnessed a young child in State court where TV cameras were there and as she was screaming for her adoptive parents, screaming and taken away and put in a car. That was in State court. We know that adoptions are tough and difficult and people change their minds and now you have got unrelated parties.

This is about the forum. There is nothing that prevents the Indian court from awarding the child to those individuals. I just think you have got to be very careful here. This is not about who is right or wrong. It is about being careful with respect to what we are doing.

□ 2100

Ms. PRYCE. Madam Speaker, I yield 3 minutes to the gentleman from Kansas [Mr. TIAHRT], the coauthor of title III of this legislation.

Mr. TIAHRT. Madam Speaker, I want to thank the gentlewoman from Ohio for spearheading this effort. I really appreciate her efforts for the children who I think are the most neglected Americans, the children without parents.

Madam Speaker, I think this bill is very important because it does remove the barriers that have hampered us from placing children out of foster care into loving homes. I support the three major provisions of this bill: The $5,000 adoption tax credit, and also the portion that removes interracial barriers from adoption so the kids are not trapped in foster care, waiting for a like racial home. But I think probably the most controversial part and the one that I most strongly support is the reform to the Indian Child Welfare Act.

I know there was a grave need for this act, and I think it has just gone beyond the scope of it. In the State of Kansas where I am a Representative, we have seen Kansas State courts try to put some boundaries on the Indian Child Welfare Act and bring some common sense into it. For example, we heard testimony Tuesday of a young woman who is 13 years old. She had been placed in this home since she was 8 months old. It is like she is dangling over the fire. She is worried about being withdrawn from this home into an institutional setting or into foster care instead of staying with loving parents.

Let us not just base it on one example. I have seen so much debate occur on this floor based on one limited example. But there is story after story after story where these children are at risk of being pulled out of their loving homes. I think it is time, if we want to encourage adoption in America, that we remove some of these legal barriers, remove these financial barriers, and make it easy to transition them out of child care or out of foster care into loving, warm homes where they have a bright future.

There are many tremendous success stories. I think of Representative Ben Reifel, who was an adopted child, who represented the State of South Dakota in the early 1950's and early 1960's. Because he had warm, loving parents who took him in, gave him a bright future, he served this body right here on the floor of this House. I think there are other wonderful stories out there waiting to be created if we can only remove the barriers that exist today in this adoption language and adoption law.

Madam Speaker, I support this rule, I support the bill, and I am anxious to pass it in whole, and not take out any part.

Mr. HALL of Ohio. Madam Speaker, I yield 3 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

(Mr. RICHARDSON asked and was given permission to revise and extend his remarks.)

Mr. RICHARDSON. Madam Speaker, first of all, this is a good bill. We are doing the right thing by passing this bill. I commend the authors.

Madam Speaker, I am going to vote against the rule because of the provision on Indian adoptions. First of all,

Madam Speaker, the gentleman from Alaska [DON YOUNG] chairs the Committee on Resources. In our committee, we unanimously, Republican and Democrat, took out the provision that deals with Indian adoptions. The last time I checked, the Committee on Rules does not have the job of creating American Indian policy. The rule dictates to 557 sovereign Native American nations what is best for their children.

I think what we are doing here with respect to Indian adoptions is a tragic mistake. There are 20 glaring cases and they are tragedies, and I am sure they will be discussed here, but that should not dictate what we impose on tribes. Tribes care for their children. Not one Native American tribe was consulted on this provision.

Can Members imagine first Americans, sovereign nations; we have sovereign treaties with them. Yet, not one tribe is supporting this provision. I think that is a lack of respect. What we are doing here, Madam Speaker, is affecting the Indian family, the Indian culture. The extended family has a special role in caring for Indian children. In nearly every instance when the extended family has knowledge of a child needing care, they are willing to adopt that child. Unlike many other minority adoption cases, in Indian country there are more than enough relatives and families who are willing to assume custody of children.

The provisions included in this rule undermine the basic rights of Indian tribes to ensure the survival of Indian culture and the future of their children. If we are going to have family values in Indian country, it is best for Indians to make those determinations.

Madam Speaker, we have a trust responsibility with our tribes. I am not saying that the current system works. We need to improve it. The gentleman from Alaska [DON YOUNG] has called for hearings and new legislation. A lot of the tribes were told, ''Let us make June the month that we come up with legislation that deals with some of these very egregious cases that very clearly have been pursued by those that are authoring this bill.'' But let us not jeopardize this legislation, which will be contested by the tribes; it will go all the way to the Supreme Court; the entire bill may be jeopardized. I hope not. But this is not a good provision, and we should defeat the provision tomorrow.

Ms. PRYCE. Madam Speaker, I yield 2½ minutes to my good friend, the gentleman from Florida [Mr. STEARNS].

(Mr. STEARNS asked and was given permission to revise and extend his remarks.)

Mr. STEARNS. Madam Speaker, I thank my distinguished colleague from Ohio for yielding time to me.

Madam Speaker, we heard the gentleman from California [Mr. MILLER] say, do not give me anecdotal information. Remember when he said that? What in a sense he is saying is, do not give me the facts. The speaker before me said that this program is not working. We have here for the first time a program that is going to work. That is why I support the rule. I would like to commend all those who are involved for all the hard work they have done on this bill.

I think it is now important that we pass this rule and move on to this legislation. It will bring stability into the lives of almost 500,000 children who are currently in the foster care system waiting to be adopted, waiting for a family. When children needlessly languish in foster homes and close to 2 million couples are desperately seeking to adopt, it is clearly apparent that the current adoption system is not working, and clearly, the current system ignores the best interests of the children. By implementing the simple changes we have in this bill, we will provide children with loving parents, a healthy home environment, and something that every child needs and deserves.

Madam Speaker, let us enable couples to create secure American families by easing the burdensome costs and complex regulations now associated with the option. I think this clearly does it with this bill. We all know that the American family is the backbone of our Nation, so we should encourage the creation of American families, not impede them. I urge my colleagues to vote for the rule.

Mr. HALL of Ohio. Madam Speaker, I yield 2 minutes to the gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY. Madam Speaker, this is a closed rule. Therefore, I am opposed to it. I do support the adoption bill, but it simply does not go far enough. What about the 400,000 children in foster care who are not candidates for adoption?

As David Liederman of the Child Welfare League writes in today's New York Times: ''Many foster children have emotional and physical disabilities. The adoption of these kids will require more than just a one-time tax credit.''

Madam Speaker, I proposed several amendments to the Committee on Rules that would have helped build important bridges between foster care and adoption. My amendments would have streamlined the bureaucracy, which too often keeps children languishing in foster care when there are people ready to adopt them. My amendments would have strengthened the ability of caring relatives and standby guardians to step in and care for and, in some cases, adopt foster children.

I favor a bill to expedite adoption. This is a good first step in our efforts to move children from the care of the State to the care of loving families, but a simple tax credit is not the whole answer. It would be a tragedy if we did not use this important oppportunity to move forward and reform a foster care system that is and that leaves thousands of children in difficult and dangerous environments.

Ms. PRYCE. Madam Speaker, I yield 1½ minutes to my friend, the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Madam Speaker, prior to November 1994, as a practicing physician, I counseled parents who were seeking to adopt. Many times they would come to me with a letter and a photograph of a child that they were going to adopt who might have a birth defect. Many of these children were from overseas. It always struck me as a wonderful thing for those families when they would bring those children to the United States and we would work with them to make them whole.

But I also saw a lot of children in foster care, so while I was seeing the children that were being brought into the country for adoption, I was wondering, why are these children who are in foster care not getting homes? Foster care many times is a wonderful thing. The foster parents do a good job. The tragedy is that some of them do such a good job that they attach, they form attachments to those children, and the children also, but it is a temporary situation, and then they are torn apart.

So part of what we are doing is this bill, and I speak in favor of the rule and in favor of the bill, this is a happy bill, is that we are doing to address one of the impediments, and that is the issue of race matching that I think has kept many of those children who are in foster care from getting the permanent homes that they need. I am very, very pleased that this bill is coming to the floor. It is one of the best things we have done in Congress.

Mr. HALL of Ohio. Madam Speaker, I yield 3 minutes to the gentleman from American Samoa [Mr. FALEOMAVAEGA].

Mr. FALEOMAVAEGA. Madam Speaker, I want to say, preliminarily, that I certainly have the highest respect for the gentlewoman from Ohio, Ms. PRYCE, as we have tried earnestly to find a middle ground and see how we can resolve this very important issue.

Madam Speaker, I rise today in strong opposition to title III of H.R. 3286 which amends the Indian Child Welfare Act. If enacted, title III will harm helpless Indian children, damage the Federal relationship with Indian tribes, and allow States to decide who is and isn't Indian.

In 1978, Congress passed the Indian Child Welfare Act to stop the hemorrhage of Indian children being separated from their families. This act was passed after long and careful deliberation which included all affected parties. Hearings were held, drafts were circulated, and questions were asked. On the other hand, the provisions before us today have never been given a comprehensive hearing and not one Indian tribe was consulted or included in any discussion. The proponents of the language are taking a shotgun approach in reaction to a couple of badly handled adoptions.

Democrats and Republicans alike on the Resources Committee rejected the method and the language used in this

title by striking the language from the bill before reporting it. The Resources Committee has the jurisdiction and the expertise over Indian matters yet the Chairman had to fight just to have the bill referred to the committee for only 6 days. The original leadership plan was to once again bring an important piece of legislation to the floor without benefit of Member or committee involvement. The Resources Committee takes the Federal trust responsibility toward the more than 550 Alaska Native and American Indian tribes very seriously. As I said the committee overwhelmingly supported removing the offensive language that was reinstated in the floor package before us today.

Title III of this bill would require that a child's significant cultural, social, and political contacts with a tribe determine his or her ''indian-ness'' instead of tribal membership. It ignores the important role of the extended family in Indian culture and would lead to increased litigation.

The outrage that prompted the passage of the Indian Child Welfare Act were numerous. Prior to its enactment, the rate of adoptions of Indian children was wildly disproportionate to the adoption rate of non-Indian children. Indian children in Montana were being adopted at a per capita rate 13 times that of non-Indian children, in South Dakota 16 times that of non-Indian children, in Minnesota 5 times that of non-Indian children. The act's principal sponsor and my good friend Chairman Mo Udall, said during the floor debate, ''Indian tribes and Indian people are being drained of their children and, as a result, their future as a tribe and a people is being placed in jeopardy.''

I realize that there are problems with the Indian Child Welfare Act. I know that one problem is with adoption attorneys who pressure parents not to acknowledge their Indian heritage on adoption forms. But I also know that there have only been problems with less than one-half of 1-percent of the total number of Indian adoptions since the act was passed.

Let us work together to solve any problems with the current act. During the last several decades this body has worked hard not to be paternalistic toward Indian tribes. We must allow tribes to be involved when we move to amend an act of such magnitude. I implore my colleagues to strip the Indian language from this bill.

I urge my colleagues to strike out title III of this legislation.

Ms. PRYCE. Madam Speaker, I yield 2 minutes to my friend, the gentleman from Washington [Mr. NETHERCUTT].

Mr. NETHERCUTT. Madam Speaker, I thank the gentlewoman for her leadership on this very important issue.

Madam Speaker, before I was elected to Congress, I was a practicing attorney in Spokane, WA.

□ 2115

I estimate that I have handled well over 1,000 adoptions and well over 1,000 children of those adoption cases. Certainly it is the most important thing, I believe, any human being can do for another, and that is to adopt a child and provide a stable, loving home for that child. An environment of stability is extremely important.

I have handled not only foreign adoptions, I have handled many, many Indian child welfare cases, and my experience is this: The Indian Child Welfare Act needs adjustment.

Many of the Indian Child Welfare Act cases I handled were handled perfectly, and the Indian tribe's heritage and the interest of the Indian tribe was fully protected, but there were many cases that I have handled where there were not only problems that prevented a final adoption but problems that resulted in delays. For a child who is waiting to be adopted and waiting to have the finality of an adoption and a loving home, the wait is as bad as anything. The uncertainty for a young child is extremely detrimental.

What we have to keep our eyes focused on, I believe, today on this particular legislation, which I think is good legislation, provides an appropriate adjustment to the Indian Child Welfare Act, we have to keep our eyes on who is most important here. Is it the child and the interests of the child, or is it the tribe?

There is no reason that the Indian Child Welfare Act should impede a loving family placement in a non-Indian home or perhaps with an adoptive parent who is maybe not of the same affiliation, tribal affiliation. My experience is that many adoptive parents have recognized that Indian child welfare connection and the tribal connection.

This is a good bill, a good rule, and we should support it.

Mr. HALL of Ohio. Madam Speaker, how much time do we have remaining on both sides?

The SPEAKER pro tempore (Mrs. MORELLA). The gentleman from Ohio [Mr. HALL] has 9½ minutes, and the gentlewoman from Ohio [Ms. PRYCE] has 5½ minutes remaining.

Mr. HALL of Ohio. Madam Speaker, I reserve the balance of my time.

Ms. PRYCE. Madam Speaker, I yield 2 minutes to my friend, the gentleman from Iowa [Mr. LIGHTFOOT].

(Mr. LIGHTFOOT asked and was given permission to revise and extend his remarks.)

Mr. LIGHTFOOT. Madam Speaker, I thank the gentlewoman for yielding me the time, and I rise in strong support of not only the rule but the bill, as well.

I think it is gratifying to know that finally we are doing something to make adoption easier and more affordable. A child who does not go home with his or her birth parent, they are very lucky to be given a home with a loving mother and father, people that want to be parents, who want to give that child a happy and a healthy environment to grow up in.

I know how lucky such children are because I am one of them. I had the good fortune to be given a home with two people who have been very wonderful, loving parents; in their eighties, they are retired today on the farm and I hope enjoying it.

But as we have heard tonight, there are about half a million kids out there that are waiting for the chance right now. We know that only about 10 percent, 50,000 of them, are going to get that chance, and one of the biggest reasons they are not getting that chance is because of the high cost of adoption, up to $20,000 or more.

It seems to me when there are so many children that are waiting and there are so many parents who want these children, why should we not remove the roadblocks and let it happen? We as a society pay a far greater human cost in allowing those children to languish and those parents to agonize than anything that we could ever put in a checkbook.

And as a result, I think that no child should be kept from being placed in a home in which that child could thrive. It should not be held up because there may be some ethnic difference between that child and the prospective adoptive parents. If there is love and there is understanding and there is a desire to work together, what difference does it make what color their skin is?

So I would like to thank SUSAN MOLINARI for offering this piece of legislation, DEBORAH PRYCE for her leadership in the Committee on Rules. I think it proves that Republicans and Democrats can work together to come up with a good solution to a very difficult problem, and I urge strong support of not only the rule but the bill, as well.

Madam Speaker, I rise in the strongest support for H.R. 3286, the Adoption Promotion and Stability Act. It is gratifying to know we are finally doing something to make adoption easier and more affordable. A child who does not go home with his or her birth parents is very lucky to be given a home with a loving mother and father who want to be parents and want to give that child a happy and healthy environment in which to grow up. I know how lucky such children are because I am one of them. I had the good fortune to be given a home with two people who have been wonderful, loving parents.

But I know there are about 500,000 children in this country who are waiting for that chance right now. But they are not getting that chance because so many couples cannot afford the average $20,000 cost associated with adopting. And nearly half of those children are minority children who will wind up waiting twice as long to find a home. When there are so many children waiting, no couple should be kept from taking those children in simply because of cost. We as a society pay a far greater human cost when we stand in the way of putting needy children in loving homes. And no child should be kept from being placed in a home in which that child would thrive simply because of the ethnic group to which the child and prospective adoptive parents belong. It is in all our best interests to get those children to parents who will be responsible, loving, and attentive. This bill is very much needed. This is one of the best ways we can show that we

do care about children and that we are able to work together, Democrats and Republicans, to really make a difference. I strongly urge my colleagues to support this measure and I thank Ms. MOLINARI for bringing this measure in front of the House and I thank the leadership for bringing this bill to the floor so quickly.

Mr. HALL of Ohio. Madam Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Madam Speaker, I thank the gentleman for yielding.

Madam Speaker, 15 years ago or so, I proposed legislation to help with financial cost of adoption. I was very modest in proposing a tax deduction for adoption. Before us today is a bill that provides a very generous $5,000 tax credit. It is a long step forward and it is very good. It is very needed.

I was very disappointed, though, that the Committee on Rules did not make in order my proposed amendment to equalize the paid leave provisions of the family medical leave act for birth families and adoptive families. I listened with great interest, captivated by the chairman of the Committee on Rules speaking with such passion and giving such personal witness. I do not think he has ever spoken so warmly and so convincingly about his own experience.

So I think clearly with three committees involved, clearly my amendment could have been made in order, but we will make an effort to go back to the Committee on Educational and Economic Opportunities and try to work it in that aspect.

What I am really disappointed about, though, is that this language I proposed was not made in order. There is language, title III, made in order, that I have heard from the reservation leadership in my district, of which I have six tribal councils, all calling this an affront to the Indian community. Let me put it in their words, not my words.

Marge Anderson, who is chairman of the Blacks Band:

> For years the BIA put Indian children into boarding schools to cleanse them of their Indian identity. These children have become lost souls as a result of the effort to assimilate them into the white community. They often become alcoholics.

Myron Ellis, the chairman of the Leech Lake Tribal Council, said:

> The Indian Child Welfare Act has stopped the raids on Indian children. It is bringing stability to Indian families. It is strengthening the future of Indian tribes. Title III language would turn back the clock on those efforts and result in more prolonged litigation to the detriment of innocent Indian children.

I think we ought to listen more to those who are on the front line, those whose families, whose lives and livelihoods, whose children are caught up in this adoption issue, those of the Indian tribes themselves. I put their words out, not mine, not anecdotal stories, because I think they are the ones who understand their situation best.

I will support the effort by the Committee on Resources tomorrow to strike this language and to hopefully ameliorate the bill.

Ms. PRYCE. Madam Speaker, I yield 2 minutes to my friend, the gentleman from Arkansas [Mr. HUTCHINSON].

Mr. HUTCHINSON. Madam Speaker, I rise in strong support of the rule and the bill, H.R. 3286, a measure which would help families defray adoption costs and promote the adoption of minority children.

Today, there are more couples who want to adopt and more children in need of a loving home than ever before. According to estimates by the National Council for Adoption, at least 2 million couples would like to adopt. Yet only about 50,000 adoptions occur annually.

Madam Speaker, the subject of adoption is one that hits very close to our office. My legislative director is herself adopted. She described her feelings on adoption to me in the following eloquent words:

> Mom and Dad took me home, gave me their name, their protection and their love. They shared with me their family—brothers, aunts, uncles, cousins and grandparents—who claimed me as their very own. Together they provided a foundation from which I have been able to return a small portion of the abundant love and care that they have given me to the world in which I live.

Madam Speaker, would that every child in America be able to make such a statement. I urge the swift passage of H.R. 3286.

Mr. HALL of Ohio. Madam Speaker, I yield 3 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Madam Speaker, I rise to speak on this bill with a very unique association with the subject matter. On February 3, 1993, after a frantic day as a Member of Congress representing the State of North Dakota, I went to National Airport, met my wife who also had gone to the airport, and we eagerly, anxiously awaited the arrival of our soon-to-be daughter, an infant born in Korea, flown over and placed with us and now an adopted part of our family.

To tell my colleagues that this has so profoundly, fundamentally changed and improved our lives is a hopeless understatement of the glory we have experienced as adoptive parents, and I am very pleased to tell the House tonight that we are within two weeks or three weeks of going back to National Airport and coming home with a son, also born in Korea.

As I looked at what the legislation before us is trying to accomplish in terms of breaking down barriers of interracial adoption, as the parent of a daughter who is a member of another race, I cannot speak passionately enough in terms of the importance of breaking these barriers down. Children need families. Families need children. Some notion of political correctness that would leave people languishing in foster homes rather than reach across racial barriers for parents who will love them, love them as their very own, has got to be ended and I am so pleased with this facet of the legislation that puts an end to it.

Second, the financial burdens of adoption can keep many beautiful families from enjoying this experience. I have had people in my home State tell me that looking at foreign adoption costs now running between $10,000 and $20,000, they just cannot manage. I know they would be beautiful homes and that the children would be immeasurably enriched by being placed with them, and they would in turn be immeasurably enriched by the children. We have to help with the affordability of adoptions. I am very pleased with the facet of the bill that addresses that.

I have some difficulty with the way the Indian Child Welfare Act has disrupted certain prospective placements. On the other hand, I must acknowledge difficulty with the provisions of the bill that would amend this act in a way so offensive to the four reservations that I represent. I will support the motion to strike, but I will continue to work for evaluating where this law has failed children who need families and moving forward the changes in the law necessary to make certain that Native American children needing families do not have that, their precious right, frustrated by application of this statute.

In summary, this is very, very positive legislation. This is the kind of legislation where the two parties so often at loggerheads in this Chamber can arm-in-arm step forward and do something positive for the people of this country, and I am very proud to support the legislation, commend DEBORAH PRYCE for her leadership on the bill.

Ms. PRYCE. Madam Speaker, I have no further requests for time.

Mr. HALL of Ohio. Madam Speaker, I would simply say that this is a good proposal. It is a good bill. The rule is somewhat restrictive, but occasionally we do support a closed rule and in this particular case I do. I think it is important that both sides come together on this. We need to do more of this and be for things that we can be for, and some of the things we cannot be for, try to set them aside. But this is one of the things where we have good bipartisan support.

□ 2130

Madam Speaker, I support the rule and the bill.

Madam Speaker, I yield back the balance of my time.

Ms. PRYCE. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I certainly appreciate the words from the gentleman from Ohio [Mr. HALL].

Madam Speaker, this is a good bill. It will do good things. The changes to the Indian Child Welfare Act are common sense and minor. They keep fully intact the original well-meaning intention of protecting Indian culture and heritage.

But, Madam Speaker, the Congress wrote this law, and it is morally responsible for correcting it in this minor way, to avoid the continuous

disastrous tragedies of broken homes and children languishing in foster care. This is not just a handful of stories. There are many, many, many from all across the country.

Madam Speaker, this issue did not just develop overnight. I have been trying since the beginning of this Congress to get the Committee on Resources and the native American community to help me to address this issue. If the Indian community is affronted, I am sorry. I wish they would have answered my letters and come to my meetings. But, as it is, we did the best that we could to try to develop a fair solution.

Madam Speaker, as was said before, this is a happy bill. It is a good day for this Congress. I would urge all my colleagues to cast a vote in strong support of adoption and in support of keeping loving families together. Vote ''yes'' on the rule and the bill, and vote ''no'' on any attempt to weaken this legislation.

Madam Speaker, I rise today to express my concerns regarding the modified closed rule for H.R. 3286. While I applaud the fact that this legislation would make it possible for more families to provide a loving and permanent home for adoptive children, I am concerned that this bill might not recognize that cultural sensitivity, without delaying adoption, is important to give the child the full measure of their background.

Madam Speaker, approximately one-half of the children awaiting adoption today are minorities. In my home State of Texas, the number of children under the age of 18 living in foster care in 1993 was 10,880. This represents an increase of 62.4 percent from 1990, and the number continues to climb. Similarly, the number of children living in a group home in 1990 was 13,434. Approximately one half of these 13,434 children are minorities. There are wonderful foster care parents but these numbers of children in nonpermanent homes are way too high.

The sponsors of this legislation argue that current law, which states that race cannot be used as the sole factor in making an adoption placement but can be used as one of multiple factors in the decision, has resulted in adoptions being delayed or denied because of race. This of course is the result of local agencies misinterpreting the law. Should we not penalize directly the agencies incorrectly using the law? According to the sponsors, because of the inherent bias among many social workers, the real-world outcome of current law is that race ends up becoming the sole factor when placements are made. I have worked with social workers and they consistently overall try to work in the best interest of the child.

While I do not believe that race should be the sole criteria in adoption placements, I do believe that we should be sensitive to cultural backgrounds. Had I been permitted, I would have offered an amendment to this bill which would have required that in making adoptive parent placements, the State or appropriate entity shall make every effort to ensure that a prospective adoptive parent is sensitive to the child's ethnic or racial background. It should not, however, delay drastically such adoption.

Adoptive parents and children need not be of the same race. However, it is important that adoptive parents are sensitive to the cultural backgrounds of the children they adopt. It is important that such children grow up in an environment that is respectful and appreciative of the child's heritage. Unfortunately, our society is not color blind, and therefore States and agencies must ensure that adoptive parents of a different race from the minority and Indian children are sensitive to the issues that may arise as the child gets older, including discrimination and questions the child may have about his or her cultural background.

In no way, however, should this policy result in children languishing in foster homes for extended periods of time or in adoptions being delayed or denied when loving, caring parents are ready to adopt.

I urge my colleagues to consider these issues so that we can make better adoptions for all children, including minority children, while not delaying or denying adoptions.

Ms. PRYCE. Madam Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3230, DEPARTMENT OF DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104–570) on the resolution (H. Res. 430) providing for consideration of the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

ANNOUNCEMENT REGARDING AMENDMENT PROCESS FOR BUDGET RESOLUTION

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Madam Speaker, the Budget Committee is expected to order the budget resolution reported later tonight. Copies of the resolution approved by that committee will be available for review in the office of the Budget Committee.

The Rules Committee is planning to meet next Wednesday, May 15, to grant a rule which may limit the kind of amendments offered to the concurrent resolution on the budget for fiscal year 1997.

Members are strongly advised to submit only amendments in the nature of a substitute which provide for a balanced budget not later than the year 2002.

Any Member who is contemplating an amendment to the budget resolution should submit 55 copies and a brief explanation by noon on Tuesday, May 14, to the Rules Committee, room H–312 in the Capitol.

Members should use the Office of Legislative Counsel and the Congressional Budget Office to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain their amendments comply with the rules of the House.

ADOPTION PROMOTION AND STABILITY ACT OF 1996

Mr. ARCHER. Madam Speaker, pursuant to House Resolution 428, I call up the bill (H.R. 3286) to help families defray adoption costs ,and to promote the adoption of minority children, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 428, the amendment in the nature of a substitute printed in the bill is adopted.

The text of H.R. 3286, as amended, is as follows:

H.R. 3286

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 ''Adoption Promotion and Stability Act of 1996''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—CREDIT FOR ADOPTION EXPENSES

Sec. 101. Credit for adoption expenses.

TITLE II—INTERETHNIC ADOPTION

Sec. 201. Removal of barriers to interethnic adoption.

TITLE III—CHILD CUSTODY PROCEEDINGS AFFECTED BY THE INDIAN CHILD WELFARE ACT OF 1978

Sec. 301. Inapplicability of the Indian Child Welfare Act of 1978 to child custody proceedings involving a child whose parents do not maintain affiliation with their Indian tribe.
Sec. 302. Membership and child custody proceedings.
Sec. 303. Effective date.

TITLE IV—REVENUE OFFSETS

Sec. 400. Amendment of 1986 Code.

Subtitle A—Exclusion for Energy Conservation Subsidies Limited to Subsidies With Respect to Dwelling Units

Sec. 401. Exclusion for energy conservation subsidies limited to subsidies with respect to dwelling units.

Subtitle B—Foreign Trust Tax Compliance

Sec. 411. Improved information reporting on foreign trusts.
Sec. 412. Comparable penalties for failure to file return relating to transfers to foreign entities.
Sec. 413. Modifications of rules relating to foreign trusts having one or more United States beneficiaries.
Sec. 414. Foreign persons not to be treated as owners under grantor trust rules.
Sec. 415. Information reporting regarding foreign gifts.
Sec. 416. Modification of rules relating to foreign trusts which are not grantor trusts.
Sec. 417. Residence of trusts, etc.

TITLE I—CREDIT FOR ADOPTION EXPENSES

SEC. 101. CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

"SEC. 23. ADOPTION EXPENSES.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed $5,000.

''(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

''(A) the amount (if any) by which the taxpayer's adjusted gross income (determined without regard to sections 911, 931, and 933) exceeds $75,000, bears to

''(B) $40,000.

''(3) DENIAL OF DOUBLE BENEFIT.—

''(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

''(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program. The preceding sentence shall not apply to expenses for the adoption of a child with special needs.

''(C) REIMBURSEMENT.—No credit shall be allowed under subsection (a) for any expense to the extent that such expense is reimbursed and the reimbursement is excluded from gross income under section 137.

''(c) CARRYFORWARDS OF UNUSED CREDIT.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year. No credit may be carried forward under this subsection to any taxable year following the fifth taxable year after the taxable year in which the credit arose. For purposes of the preceding sentence, credits shall be treated as used on a first-in first-out basis.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

''(A) which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer, and

''(B) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement.

''(2) EXPENSES FOR ADOPTION OF SPOUSE'S CHILD NOT ELIGIBLE.—The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

''(3) ELIGIBLE CHILD.—The term 'eligible child' means any individual—

''(A) who has not attained age 18 as of the time of the adoption, or

''(B) who is physically or mentally incapable of caring for himself.

''(4) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs' means any child if—

''(A) a State has determined that the child cannot or should not be returned to the home of his parents, and

''(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance.

''(e) SPECIAL RULES FOR FOREIGN ADOPTIONS.—In the case of a foreign adoption—

''(1) subsection (a) shall not apply to any qualified adoption expense with respect to such adoption unless such adoption becomes final, and

''(2) any such expense which is paid or incurred before the taxable year in which such adoption becomes final shall be taken into account under this section as if such expense were paid or incurred during such year.

''(f) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.

''(g) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section and section 137, including regulations which treat unmarried individuals who pay or incur qualified adoption expenses with respect to the same child as 1 taxpayer for purposes of applying the dollar limitation in subsection (b)(1) of this section and in section 137(b)(1).''.

(b) EXCLUSION OF AMOUNTS RECEIVED UNDER EMPLOYER'S ADOPTION ASSISTANCE PROGRAMS.—Part III of subchapter B of chapter 1 of such Code (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE PROGRAMS.

''(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for qualified adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The aggregate amount excludable from gross income under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed $5,000.

''(2) INCOME LIMITATION.—The amount excludable from gross income under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so excludable (determined without regard to this paragraph but with regard to paragraph (1)) as—

''(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $75,000, bears to

''(B) $40,000.

''(3) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of paragraph (2), adjusted gross income shall be determined—

''(A) without regard to this section and sections 911, 931, and 933, and

''(B) after the application of sections 86, 135, 219, and 469.

''(c) ADOPTION ASSISTANCE PROGRAM.—For purposes of this section, an adoption assistance program is a plan of an employer—

''(1) under which the employer provides employees with adoption assistance, and

''(2) which meets requirements similar to the requirements of paragraphs (2), (3), and (5) of section 127(b).

An adoption reimbursement program operated under section 1052 of title 10, United States Code (relating to armed forces) or section 514 of title 14, United States Code (relating to members of the Coast Guard) shall be treated as an adoption assistance program for purposes of this section.

''(d) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' has the meaning given such term by section 23(d).

''(e) CERTAIN RULES TO APPLY.—Rules similar to the rules of subsections (e) and (g) of section 23 shall apply for purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2)(A) and 135(c)(4)(A) of such Code are each amended by inserting ''137,'' before ''911''.

(2) Clause (i) of section 219(g)(3)(A) of such Code is amended by inserting '', 137,'' before ''and 911''.

(3) Clause (ii) of section 469(i)(3)(E) of such Code is amended to read as follows:

''(ii) the amounts excludable from gross income under sections 135 and 137,''.

(4) Subsection (a) of section 1016 of such Code is amended by striking ''and'' at the end of paragraph (24), by striking the period at the end of paragraph (25) and inserting '', and'', and by adding at the end the following new paragraph:

''(26) to the extent provided in sections 23(g) and 137(e).''

(5) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 22 the following new item:

''Sec. 23. Adoption expenses.''.

(6) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following:

''Sec. 137. Adoption assistance programs.

''Sec. 138. Cross reference to other Acts.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

TITLE II—INTERETHNIC ADOPTION

SEC. 201. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

(a) STATE PLAN REQUIREMENTS.—Section 471(a) of the Social Security Act (42 U.S.C 671(a)) is amended—

(1) by striking ''and'' at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting ''; and''; and

(3) by adding at the end the following:

''(18) not later than January 1, 1997, provides that neither the State nor any other entity in the State that receives funds from the Federal Government and is involved in adoption or foster care placements may—

''(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

''(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.''.

(b) ENFORCEMENT.—Section 474 of such Act (42 U.S.C. 674) is amended by adding at the end the following:

''(d)(1) If a State's program operated under this part is found, as a result of a review conducted under section 1123, to have violated section 471(a)(18) during a quarter with respect to

any person, then, notwithstanding subsection (a) of this section and any regulations promulgated under section 1123(b)(3), the Secretary shall reduce the amount otherwise payable to the State under this part, for the quarter and for each subsequent quarter before the 1st quarter for which the State program is found, as a result of such a review, not to have violated section 471(a)(18) with respect to any person, by—

''(A) 2 percent of such otherwise payable amount, in the case of the 1st such finding with respect to the State;

''(B) 5 percent of such otherwise payable amount, in the case of the 2nd such finding with respect to the State; or

''(C) 10 percent of such otherwise payable amount, in the case of the 3rd or subsequent such finding with respect to the State.

''(2) Any other entity which is in a State that receives funds under this part and which violates section 471(a)(18) during a quarter with respect to any person shall remit to the Secretary all funds that were paid by the State to the entity during the quarter from such funds.

''(3)(A) Any individual who is aggrieved by a violation of section 471(a)(18) by a State or other entity may bring an action seeking relief from the State or other entity in any United States district court.

''(B) An action under this paragraph may not be brought more than 2 years after the date the alleged violation occurred.

''(4) This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978.''.

(c) CIVIL RIGHTS.—

(1) PROHIBITED CONDUCT.—A person or government that is involved in adoption or foster care placements may not—

(A) deny to any individual the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the individual, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) ENFORCEMENT.—Noncompliance with paragraph (1) is deemed a violation of title VI of the Civil Rights Act of 1964.

(3) NO EFFECT ON THE INDIAN CHILD WELFARE ACT OF 1978.—This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978.

(d) CONFORMING REPEAL.—Section 553 of the Howard M. Metzenbaum Multiethnic Placement Act of 1994 (42 U.S.C. 5115a) is repealed.

TITLE III—CHILD CUSTODY PROCEEDINGS AFFECTED BY THE INDIAN CHILD WELFARE ACT OF 1978

SEC. 301. INAPPLICABILITY OF THE INDIAN CHILD WELFARE ACT OF 1978 TO CHILD CUSTODY PROCEEDINGS INVOLVING A CHILD WHOSE PARENTS DO NOT MAINTAIN AFFILIATION WITH THEIR INDIAN TRIBE.

Title I of the Indian Child Welfare Act of 1978 (25 U.S.C. 1911 et seq.) is amended by adding at the end the following:

''SEC. 114. (a) This title does not apply to any child custody proceeding involving a child who does not reside or is not domiciled within a reservation unless—

''(1) at least one of the child's biological parents is of Indian descent; and

''(2) at least one of the child's biological parents maintains significant social, cultural, or political affiliation with the Indian tribe of which either parent is a member.

''(b) The factual determination as to whether a biological parent maintains significant social, cultural, or political affiliation with the Indian tribe of which either parent is a member shall be based on such affiliation as of the time of the child custody proceeding.

''(c) The determination that this title does not apply pursuant to subsection (a) is final, and, thereafter, this title shall not be the basis for determining jurisdiction over any child custody proceeding involving the child.''.

SEC. 302. MEMBERSHIP AND CHILD CUSTODY PROCEEDINGS.

Title I of the Indian Child Welfare Act of 1978 (25 U.S.C. 1911 et seq.), as amended by section 301 of this title, is further amended by adding at the end the following:

''SEC. 115. (a) A person who attains the age of 18 years before becoming a member of an Indian tribe may become a member of an Indian tribe only upon the person's written consent.

''(b) For the purposes of any child custody proceeding involving an Indian child, membership in an Indian tribe shall be effective from the actual date of admission to membership in the Indian tribe and shall not be given retroactive effect.''.

SEC. 303. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of the enactment of this Act and shall apply with respect to any child custody proceeding in which a final decree has not been entered as of such date.

TITLE IV—REVENUE OFFSETS

SEC. 400. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title 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 Internal Revenue Code of 1986.

Subtitle A—Exclusion for Energy Conservation Subsidies Limited to Subsidies With Respect to Dwelling Units

SEC. 401. EXCLUSION FOR ENERGY CONSERVATION SUBSIDIES LIMITED TO SUBSIDIES WITH RESPECT TO DWELLING UNITS.

(a) IN GENERAL.—Paragraph (1) of section 136(c) (defining energy conservation measure) is amended by striking ''energy demand—'' and all that follows and inserting ''energy demand with respect to a dwelling unit.''

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 136 is amended to read as follows:

''(a) EXCLUSION.—Gross income shall not include the value of any subsidy provided (directly or indirectly) by a public utility to a customer for the purchase or installation of any energy conservation measure.''

(2) Paragraph (2) of section 136(c) is amended—

(A) by striking subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and

(B) by striking ''AND SPECIAL RULES'' in the paragraph heading.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1996, unless received pursuant to a written binding contract in effect on September 13, 1995, and at all times thereafter.

Subtitle B—Foreign Trust Tax Compliance

SEC. 411. IMPROVED INFORMATION REPORTING ON FOREIGN TRUSTS.

(a) IN GENERAL.—Section 6048 (relating to returns as to certain foreign trusts) is amended to read as follows:

''SEC. 6048. INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) NOTICE OF CERTAIN EVENTS.—

''(1) GENERAL RULE.—On or before the 90th day (or such later day as the Secretary may prescribe) after any reportable event, the responsible party shall provide written notice of such event to the Secretary in accordance with paragraph (2).

''(2) CONTENTS OF NOTICE.—The notice required by paragraph (1) shall contain such information as the Secretary may prescribe, including—

''(A) the amount of money or other property (if any) transferred to the trust in connection with the reportable event, and

''(B) the identity of the trust and of each trustee and beneficiary (or class of beneficiaries) of the trust.

''(3) REPORTABLE EVENT.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'reportable event' means—

''(i) the creation of any foreign trust by a United States person,

''(ii) the transfer of any money or property (directly or indirectly) to a foreign trust by a United States person, including a transfer by reason of death, and

''(iii) the death of a citizen or resident of the United States if—

''(I) the decedent was treated as the owner of any portion of a foreign trust under the rules of subpart E of part I of subchapter J of chapter 1, or

''(II) any portion of a foreign trust was included in the gross estate of the decedent.

''(B) EXCEPTIONS.—

''(i) FAIR MARKET VALUE SALES.—Subparagraph (A)(ii) shall not apply to any transfer of property to a trust in exchange for consideration of at least the fair market value of the transferred property. For purposes of the preceding sentence, consideration other than cash shall be taken into account at its fair market value and the rules of section 679(a)(3) shall apply.

''(ii) DEFERRED COMPENSATION AND CHARITABLE TRUSTS.—Subparagraph (A) shall not apply with respect to a trust which is—

''(I) described in section 402(b), 404(a)(4), or 404A, or

''(II) determined by the Secretary to be described in section 501(c)(3).

''(4) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' means—

''(A) the grantor in the case of the creation of an inter vivos trust,

''(B) the transferor in the case of a reportable event described in paragraph (3)(A)(ii) other than a transfer by reason of death, and

''(C) the executor of the decedent's estate in any other case.

''(b) UNITED STATES GRANTOR OF FOREIGN TRUST.—

''(1) IN GENERAL.—If, at any time during any taxable year of a United States person, such person is treated as the owner of any portion of a foreign trust under the rules of subpart E of part I of subchapter J of chapter 1, such person shall be responsible to ensure that—

''(A) such trust makes a return for such year which sets forth a full and complete accounting of all trust activities and operations for the year, the name of the United States agent for such trust, and such other information as the Secretary may prescribe, and

''(B) such trust furnishes such information as the Secretary may prescribe to each United States person (i) who is treated as the owner of any portion of such trust or (ii) who receives (directly or indirectly) any distribution from the trust.

''(2) TRUSTS NOT HAVING UNITED STATES AGENT.—

''(A) IN GENERAL.—If the rules of this paragraph apply to any foreign trust, the determination of amounts required to be taken into account with respect to such trust by a United States person under the rules of subpart E of part I of subchapter J of chapter 1 shall be determined by the Secretary.

''(B) UNITED STATES AGENT REQUIRED.—The rules of this paragraph shall apply to any foreign trust to which paragraph (1) applies unless such trust agrees (in such manner, subject to such conditions, and at such time as the Secretary shall prescribe) to authorize a United States person to act as such trust's limited agent solely for purposes of applying sections 7602, 7603, and 7604 with respect to—

''(i) any request by the Secretary to examine records or produce testimony related to the

proper treatment of amounts required to be taken into account under the rules referred to in subparagraph (A), or

''(ii) any summons by the Secretary for such records or testimony.

The appearance of persons or production of records by reason of a United States person being such an agent shall not subject such persons or records to legal process for any purpose other than determining the correct treatment under this title of the amounts required to be taken into account under the rules referred to in subparagraph (A). A foreign trust which appoints an agent described in this subparagraph shall not be considered to have an office or a permanent establishment in the United States, or to be engaged in a trade or business in the United States, solely because of the activities of such agent pursuant to this subsection.

''(C) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (4) of section 6038A(e) shall apply for purposes of this paragraph.

''(c) REPORTING BY UNITED STATES BENEFICIARIES OF FOREIGN TRUSTS.—

''(1) IN GENERAL.—If any United States person receives (directly or indirectly) during any taxable year of such person any distribution from a foreign trust, such person shall make a return with respect to such trust for such year which includes—

''(A) the name of such trust,

''(B) the aggregate amount of the distributions so received from such trust during such taxable year, and

''(C) such other information as the Secretary may prescribe.

''(2) INCLUSION IN INCOME IF RECORDS NOT PROVIDED.—

''(A) IN GENERAL.—If adequate records are not provided to the Secretary to determine the proper treatment of any distribution from a foreign trust, such distribution shall be treated as an accumulation distribution includible in the gross income of the distributee under chapter 1. To the extent provided in regulations, the preceding sentence shall not apply if the foreign trust elects to be subject to rules similar to the rules of subsection (b)(2)(B).

''(B) APPLICATION OF ACCUMULATION DISTRIBUTION RULES.—For purposes of applying section 668 in a case to which subparagraph (A) applies, the applicable number of years for purposes of section 668(a) shall be ½ of the number of years the trust has been in existence.

''(d) SPECIAL RULES.—

''(1) DETERMINATION OF WHETHER UNITED STATES PERSON MAKES TRANSFER OR RECEIVES DISTRIBUTION.—For purposes of this section, in determining whether a United States person makes a transfer to, or receives a distribution from, a foreign trust, the fact that a portion of such trust is treated as owned by another person under the rules of subpart E of part I of subchapter J of chapter 1 shall be disregarded.

''(2) DOMESTIC TRUSTS WITH FOREIGN ACTIVITIES.—To the extent provided in regulations, a trust which is a United States person shall be treated as a foreign trust for purposes of this section and section 6677 if such trust has substantial activities, or holds substantial property, outside the United States.

''(3) TIME AND MANNER OF FILING INFORMATION.—Any notice or return required under this section shall be made at such time and in such manner as the Secretary shall prescribe.

''(4) MODIFICATION OF RETURN REQUIREMENTS.—The Secretary is authorized to suspend or modify any requirement of this section if the Secretary determines that the United States has no significant tax interest in obtaining the required information.''.

(b) INCREASED PENALTIES.—Section 6677 (relating to failure to file information returns with respect to certain foreign trusts) is amended to read as follows:

''SEC. 6677. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) CIVIL PENALTY.—In addition to any criminal penalty provided by law, if any notice or return required to be filed by section 6048—

''(1) is not filed on or before the time provided in such section, or

''(2) does not include all the information required pursuant to such section or includes incorrect information,

the person required to file such notice or return shall pay a penalty equal to 35 percent of the gross reportable amount. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the person required to pay such penalty, such person shall pay a penalty (in addition to the amount determined under the preceding sentence) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. In no event shall the penalty under this subsection with respect to any failure exceed the gross reportable amount.

''(b) SPECIAL RULES FOR RETURNS UNDER SECTION 6048(b).—In the case of a return required under section 6048(b)—

''(1) the United States person referred to in such section shall be liable for the penalty imposed by subsection (a), and

''(2) subsection (a) shall be applied by substituting '5 percent' for '35 percent'.

''(c) GROSS REPORTABLE AMOUNT.—For purposes of subsection (a), the term 'gross reportable amount' means—

''(1) the gross value of the property involved in the event (determined as of the date of the event) in the case of a failure relating to section 6048(a),

''(2) the gross value of the portion of the trust's assets at the close of the year treated as owned by the United States person in the case of a failure relating to section 6048(b)(1), and

''(3) the gross amount of the distributions in the case of a failure relating to section 6048(c).

''(d) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the required information is not reasonable cause.

''(e) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6724(d) is amended by striking ''or'' at the end of subparagraph (S), by striking the period at the end of subparagraph (T) and inserting '', or'', and by inserting after subparagraph (T) the following new subparagraph:

''(U) section 6048(b)(1)(B) (relating to foreign trust reporting requirements).''.

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking the item relating to section 6048 and inserting the following new item:

''Sec. 6048. Information with respect to certain foreign trusts.''.

(3) The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6677 and inserting the following new item:

''Sec. 6677. Failure to file information with respect to certain foreign trusts.''.

(d) EFFECTIVE DATES.—

(1) REPORTABLE EVENTS.—To the extent related to subsection (a) of section 6048 of the Internal Revenue Code of 1986, as amended by this section, the amendments made by this section shall apply to reportable events (as defined in such section 6048) occurring after the date of the enactment of this Act.

(2) GRANTOR TRUST REPORTING.—To the extent related to subsection (b) of such section 6048, the amendments made by this section shall apply to taxable years of United States persons beginning after December 31, 1995.

(3) REPORTING BY UNITED STATES BENEFICIARIES.—To the extent related to subsection (c) of such section 6048, the amendments made by this section shall apply to distributions received after the date of the enactment of this Act.

SEC. 412. COMPARABLE PENALTIES FOR FAILURE TO FILE RETURN RELATING TO TRANSFERS TO FOREIGN ENTITIES.

(a) IN GENERAL.—Section 1494 is amended by adding at the end the following new subsection:

''(c) PENALTY.—In the case of any failure to file a return required by the Secretary with respect to any transfer described in section 1491, the person required to file such return shall be liable for the penalties provided in section 6677 in the same manner as if such failure were a failure to file a notice under section 6048(a).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to transfers after the date of the enactment of this Act.

SEC. 413. MODIFICATIONS OF RULES RELATING TO FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

(a) TREATMENT OF TRUST OBLIGATIONS, ETC.—

(1) Paragraph (2) of section 679(a) is amended by striking subparagraph (B) and inserting the following:

''(B) TRANSFERS AT FAIR MARKET VALUE.—To any transfer of property to a trust in exchange for consideration of at least the fair market value of the transferred property. For purposes of the preceding sentence, consideration other than cash shall be taken into account at its fair market value.''.

(2) Subsection (a) of section 679 (relating to foreign trusts having one or more United States beneficiaries) is amended by adding at the end the following new paragraph:

''(3) CERTAIN OBLIGATIONS NOT TAKEN INTO ACCOUNT UNDER FAIR MARKET VALUE EXCEPTION.—

''(A) IN GENERAL.—In determining whether paragraph (2)(B) applies to any transfer by a person described in clause (ii) or (iii) of subparagraph (C), there shall not be taken into account—

''(i) except as provided in regulations, any obligation of a person described in subparagraph (C), and

''(ii) to the extent provided in regulations, any obligation which is guaranteed by a person described in subparagraph (C).

''(B) TREATMENT OF PRINCIPAL PAYMENTS ON OBLIGATION.—Principal payments by the trust on any obligation referred to in subparagraph (A) shall be taken into account on and after the date of the payment in determining the portion of the trust attributable to the property transferred.

''(C) PERSONS DESCRIBED.—The persons described in this subparagraph are—

''(i) the trust,

''(ii) any grantor or beneficiary of the trust, and

''(iii) any person who is related (within the meaning of section 643(i)(2)(B)) to any grantor or beneficiary of the trust.''.

(b) EXEMPTION OF TRANSFERS TO CHARITABLE TRUSTS.—Subsection (a) of section 679 is amended by striking ''section 404(a)(4) or 404A'' and inserting ''section 6048(a)(3)(B)(ii)''.

(c) OTHER MODIFICATIONS.—Subsection (a) of section 679 is amended by adding at the end the following new paragraphs:

''(4) SPECIAL RULES APPLICABLE TO FOREIGN GRANTOR WHO LATER BECOMES A UNITED STATES PERSON.—

''(A) IN GENERAL.—If a nonresident alien individual has a residency starting date within 5 years after directly or indirectly transferring property to a foreign trust, this section and section 6048 shall be applied as if such individual transferred to such trust on the residency starting date an amount equal to the portion of such trust attributable to the property transferred by such individual to such trust in such transfer.

''(B) TREATMENT OF UNDISTRIBUTED INCOME.—For purposes of this section, undistributed net income for periods before such individual's residency starting date shall be taken into account in determining the portion of the trust which is attributable to property transferred by such individual to such trust but shall not otherwise be taken into account.

''(C) RESIDENCY STARTING DATE.—For purposes of this paragraph, an individual's residency starting date is the residency starting date determined under section 7701(b)(2)(A).

''(5) OUTBOUND TRUST MIGRATIONS.—If—

''(A) an individual who is a citizen or resident of the United States transferred property to a trust which was not a foreign trust, and

''(B) such trust becomes a foreign trust while such individual is alive,

then this section and section 6048 shall be applied as if such individual transferred to such trust on the date such trust becomes a foreign trust an amount equal to the portion of such trust attributable to the property previously transferred by such individual to such trust. A rule similar to the rule of paragraph (4)(B) shall apply for purposes of this paragraph.''.

(d) MODIFICATIONS RELATING TO WHETHER TRUST HAS UNITED STATES BENEFICIARIES.—Subsection (c) of section 679 is amended by adding at the end the following new paragraph:

''(3) CERTAIN UNITED STATES BENEFICIARIES DISREGARDED.—A beneficiary shall not be treated as a United States person in applying this section with respect to any transfer of property to foreign trust if such beneficiary first became a United States person more than 5 years after the date of such transfer.''.

(e) TECHNICAL AMENDMENT.—Subparagraph (A) of section 679(c)(2) is amended to read as follows:

''(A) in the case of a foreign corporation, such corporation is a controlled foreign corporation (as defined in section 957(a)),''.

(f) REGULATIONS.—Section 679 is amended by adding at the end the following new subsection:

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers of property after February 6, 1995.

SEC. 414. FOREIGN PERSONS NOT TO BE TREATED AS OWNERS UNDER GRANTOR TRUST RULES.

(a) GENERAL RULE.—

(1) Subsection (f) of section 672 (relating to special rule where grantor is foreign person) is amended to read as follows:

''(f) SUBPART NOT TO RESULT IN FOREIGN OWNERSHIP.—

''(1) IN GENERAL.—Notwithstanding any other provision of this subpart, this subpart shall apply only to the extent such application results in an amount (if any) being currently taken into account (directly or through 1 or more entities) under this chapter in computing the income of a citizen or resident of the United States or a domestic corporation.

''(2) EXCEPTIONS.—

''(A) CERTAIN REVOCABLE AND IRREVOCABLE TRUSTS.—Paragraph (1) shall not apply to any portion of a trust if—

''(i) the power to revest absolutely in the grantor title to the trust property to which such portion is attributable is exercisable solely by the grantor without the approval or consent of any other person or with the consent of a related or subordinate party who is subservient to the grantor, or

''(ii) the only amounts distributable from such portion (whether income or corpus) during the lifetime of the grantor are amounts distributable to the grantor or the spouse of the grantor.

''(B) COMPENSATORY TRUSTS.—Except as provided in regulations, paragraph (1) shall not apply to any portion of a trust distributions from which are taxable as compensation for services rendered.

''(3) SPECIAL RULES.—Except as otherwise provided in regulations prescribed by the Secretary—

''(A) a controlled foreign corporation (as defined in section 957) shall be treated as a domestic corporation for purposes of paragraph (1), and

''(B) paragraph (1) shall not apply for purposes of applying section 1296.

''(4) RECHARACTERIZATION OF PURPORTED GIFTS.—In the case of any transfer directly or indirectly from a partnership or foreign corporation which the transferee treats as a gift or bequest, the Secretary may recharacterize such transfer in such circumstances as the Secretary determines to be appropriate to prevent the avoidance of the purposes of this subsection.

''(5) SPECIAL RULE WHERE GRANTOR IS FOREIGN PERSON.—If—

''(A) but for this subsection, a foreign person would be treated as the owner of any portion of a trust, and

''(B) such trust has a beneficiary who is a United States person,

such beneficiary shall be treated as the grantor of such portion to the extent such beneficiary or any member of such beneficiary's family (within the meaning of section 267(c)(4)) has made (directly or indirectly) transfers of property (other than in a sale for full and adequate consideration) to such foreign person. For purposes of the preceding sentence, any gift shall not be taken into account to the extent such gift would be excluded from taxable gifts under section 2503(b).

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations providing that paragraph (1) shall not apply in appropriate cases.''.

(2) The last sentence of subsection (c) of section 672 of such Code is amended by inserting ''subsection (f) and'' before ''sections 674''.

(b) CREDIT FOR CERTAIN TAXES.—

(1) Paragraph (2) of section 665(d) is amended by adding at the end the following new sentence: ''Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the term 'taxes imposed on the trust' includes the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income.''.

(2) Paragraph (5) of section 901(b) is amended by adding at the end the following new sentence: ''Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income.''.

(c) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—

(1) Section 643 is amended by adding at the end the following new subsection:

''(h) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—For purposes of this part, any amount paid to a United States person which is derived directly or indirectly from a foreign trust of which the payor is not the grantor shall be deemed in the year of payment to have been directly paid by the foreign trust to such United States person.''.

(2) Section 665 is amended by striking subsection (c).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TRUSTS.—The amendments made by this section shall not apply to any trust—

(A) which is treated as owned by the grantor under section 676 or 677 (other than subsection (a)(3) thereof) of the Internal Revenue Code of 1986, and

(B) which is in existence on September 19, 1995.

The preceding sentence shall not apply to the portion of any such trust attributable to any transfer to such trust after September 19, 1995.

(e) TRANSITIONAL RULE.—If—

(1) by reason of the amendments made by this section, any person other than a United States person ceases to be treated as the owner of a portion of a domestic trust, and

(2) before January 1, 1997, such trust becomes a foreign trust, or the assets of such trust are transferred to a foreign trust,

no tax shall be imposed by section 1491 of the Internal Revenue Code of 1986 by reason of such trust becoming a foreign trust or the assets of such trust being transferred to a foreign trust.

SEC. 415. INFORMATION REPORTING REGARDING FOREIGN GIFTS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6039E the following new section:

''SEC. 6039F. NOTICE OF LARGE GIFTS RECEIVED FROM FOREIGN PERSONS.

''(a) IN GENERAL.—If the value of the aggregate foreign gifts received by a United States person (other than an organization described in section 501(c) and exempt from tax under section 501(a)) during any taxable year exceeds $10,000, such United States person shall furnish (at such time and in such manner as the Secretary shall prescribe) such information as the Secretary may prescribe regarding each foreign gift received during such year.

''(b) FOREIGN GIFT.—For purposes of this section, the term 'foreign gift' means any amount received from a person other than a United States person which the recipient treats as a gift or bequest. Such term shall not include any qualified transfer (within the meaning of section 2503(e)(2)) or any distribution properly disclosed in a return under section 6048(c).

''(c) PENALTY FOR FAILURE TO FILE INFORMATION.—

''(1) IN GENERAL.—If a United States person fails to furnish the information required by subsection (a) with respect to any foreign gift within the time prescribed therefor (including extensions)—

''(A) the tax consequences of the receipt of such gift shall be determined by the Secretary, and

''(B) such United States person shall pay (upon notice and demand by the Secretary and in the same manner as tax) an amount equal to 5 percent of the amount of such foreign gift for each month for which the failure continues (not to exceed 25 percent of such amount in the aggregate).

''(2) REASONABLE CAUSE EXCEPTION.—Paragraph (1) shall not apply to any failure to report a foreign gift if the United States person shows that the failure is due to reasonable cause and not due to willful neglect.

''(d) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning after December 31, 1996, the $10,000 amount under subsection (a) shall be increased by an amount

equal to the product of such amount and the cost-of-living adjustment for such taxable year under section 1(f)(3), except that subparagraph (B) thereof shall be applied by substituting '1995' for '1992'.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting after the item relating to section 6039E the following new item:

''Sec. 6039F. Notice of large gifts received from foreign persons.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 416. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS WHICH ARE NOT GRANTOR TRUSTS.

(a) MODIFICATION OF INTEREST CHARGE ON ACCUMULATION DISTRIBUTIONS.—Subsection (a) of section 668 (relating to interest charge on accumulation distributions from foreign trusts) is amended to read as follows:

''(a) GENERAL RULE.—For purposes of the tax determined under section 667(a)—

''(1) INTEREST DETERMINED USING UNDERPAYMENT RATES.—The interest charge determined under this section with respect to any distribution is the amount of interest which would be determined on the partial tax computed under section 667(b) for the period described in paragraph (2) using the rates and the method under section 6621 applicable to underpayments of tax.

''(2) PERIOD.—For purposes of paragraph (1), the period described in this paragraph is the period which begins on the date which is the applicable number of years before the date of the distribution and which ends on the date of the distribution.

''(3) APPLICABLE NUMBER OF YEARS.—For purposes of paragraph (2)—

''(A) IN GENERAL.—The applicable number of years with respect to a distribution is the number determined by dividing—

''(i) the sum of the products described in subparagraph (B) with respect to each undistributed income year, by

''(ii) the aggregate undistributed net income.

The quotient determined under the preceding sentence shall be rounded under procedures prescribed by the Secretary.

''(B) PRODUCT DESCRIBED.—For purposes of subparagraph (A), the product described in this subparagraph with respect to any undistributed income year is the product of—

''(i) the undistributed net income for such year, and

''(ii) the sum of the number of taxable years between such year and the taxable year of the distribution (counting in each case the undistributed income year but not counting the taxable year of the distribution).

''(4) UNDISTRIBUTED INCOME YEAR.—For purposes of this subsection, the term 'undistributed income year' means any prior taxable year of the trust for which there is undistributed net income, other than a taxable year during all of which the beneficiary receiving the distribution was not a citizen or resident of the United States.

''(5) DETERMINATION OF UNDISTRIBUTED NET INCOME.—Notwithstanding section 666, for purposes of this subsection, an accumulation distribution from the trust shall be treated as reducing proportionately the undistributed net income for undistributed income years.

''(6) PERIODS BEFORE 1996.—Interest for the portion of the period described in paragraph (2) which occurs before January 1, 1996, shall be determined—

''(A) by using an interest rate of 6 percent, and

''(B) without compounding until January 1, 1996.''.

(b) ABUSIVE TRANSACTIONS.—Section 643(a) is amended by inserting after paragraph (6) the following new paragraph:

''(7) ABUSIVE TRANSACTIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes.''.

(c) TREATMENT OF LOANS FROM TRUSTS.—

(1) IN GENERAL.—Section 643 (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

''(i) LOANS FROM FOREIGN TRUSTS.—For purposes of subparts B, C, and D—

''(1) GENERAL RULE.—Except as provided in regulations, if a foreign trust makes a loan of cash or marketable securities directly or indirectly to—

''(A) any grantor or beneficiary of such trust who is a United States person, or

''(B) any United States person not described in subparagraph (A) who is related to such grantor or beneficiary,

the amount of such loan shall be treated as a distribution by such trust to such grantor or beneficiary (as the case may be).

''(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) CASH.—The term 'cash' includes foreign currencies and cash equivalents.

''(B) RELATED PERSON.—

''(i) IN GENERAL.—A person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b). In applying section 267 for purposes of the preceding sentence, section 267(c)(4) shall be applied as if the family of an individual includes the spouses of the members of the family.

''(ii) ALLOCATION.—If any person described in paragraph (1)(B) is related to more than one person, the grantor or beneficiary to whom the treatment under this subsection applies shall be determined under regulations prescribed by the Secretary.

''(C) EXCLUSION OF TAX-EXEMPTS.—The term 'United States person' does not include any entity exempt from tax under this chapter.

''(D) TRUST NOT TREATED AS SIMPLE TRUST.—Any trust which is treated under this subsection as making a distribution shall be treated as not described in section 651.

''(3) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title.''.

(2) TECHNICAL AMENDMENT.—Paragraph (8) of section 7872(f) is amended by inserting '', 643(i),'' before ''or 1274'' each place it appears.

(d) EFFECTIVE DATES.—

(1) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

(2) ABUSIVE TRANSACTIONS.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

(3) LOANS FROM TRUSTS.—The amendment made by subsection (c) shall apply to loans of cash or marketable securities made after September 19, 1995.

SEC. 417. RESIDENCE OF TRUSTS, ETC.

(a) TREATMENT AS UNITED STATES PERSON.—

(1) IN GENERAL.—Paragraph (30) of section 7701(a) is amended by striking ''and'' at the end of subparagraph (C) and by striking subparagraph (D) and by inserting the following new subparagraphs:

''(D) any estate (other than a foreign estate, within the meaning of paragraph (31)), and

''(E) any trust if—

''(i) a court within the United States is able to exercise primary supervision over the administration of the trust, and

''(ii) one or more United States fiduciaries have the authority to control all substantial decisions of the trust.''.

(2) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) is amended to read as follows:

''(31) FOREIGN ESTATE OR TRUST.—

''(A) FOREIGN ESTATE.—The term 'foreign estate' means an estate the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under subtitle A.

''(B) FOREIGN TRUST.—The term 'foreign trust' means any trust other than a trust described in subparagraph (E) of paragraph (30).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply—

(A) to taxable years beginning after December 31, 1996, or

(B) at the election of the trustee of a trust, to taxable years ending after the date of the enactment of this Act.

Such an election, once made, shall be irrevocable.

(b) DOMESTIC TRUSTS WHICH BECOME FOREIGN TRUSTS.—

(1) IN GENERAL.—Section 1491 (relating to imposition of tax on transfers to avoid income tax) is amended by adding at the end the following new flush sentence:

''If a trust which is not a foreign trust becomes a foreign trust, such trust shall be treated for purposes of this section as having transferred, immediately before becoming a foreign trust, all of its assets to a foreign trust.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas [Mr. ARCHER] and the gentlewoman from Connecticut [Mrs. KENNELLY] each will control 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

GENERAL LEAVE

Mr. ARCHER. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 3286.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, today we are here to consider legislation that will help thousands of children who are waiting to be adopted.

In America today, there is no reason why any child should be denied a loving family. Unfortunately, there are almost 500,000 children languishing in foster care. There is little hope for many of these children when fewer than 1 in 10 will be available for adoption this year.

There are many parents who want to adopt but can't, because they either don't have the money to pay the adoption fees, or because a Federal regulation says they will not be good parents because their skin color is different from the child they want to adopt.

It's simply not right to deny a child the opportunity to grow up in a loving home because the child parents are not wealthy or of a different race.

For these reasons, I encourage my colleagues to support the Adoption Promotion and Stability Act of 1996. This legislation will help not only adopting parents economically with the $5,000 tax credit, but will also put an end to the practice of delaying adoption, often for years, until States can find racially matched parents for children waiting to be adopted.

The committee provision on interethnic adoption is an excellent complement to the tax credit in promoting adoption. Recent evidence shows that more than 40 States have laws, regulations, or practices that attempt to match adoptive children with families of the same race.

There are two obvious problems with this practice. First, it discriminates against children. During this floor debate, we will show that black children wait for adoptive placements for at least twice as long as white children. Consider the statistical situation faced by black children today: More than two-thirds of the children waiting to be adopted are black but less than one-third of the families waiting to be adopted are black but less than one-third of the families waiting to adopt are black. Given these mathematical facts, it is certain that if our society demands that children be matched by race with adoptive parents, black children will continue to languish in foster care. Many of them will never be adopted. This is truly an American tragedy.

The second problem with current practice is that it discriminates against parents whose race differs from the child they want to adopt because they may have to wait longer than other parents or may even by denied an adoption. This discrimination is especially terrible when the parent has served for a year or more as the child's foster parent. The committee has been informed of many cases, including a widely known case in my own State of Texas, in which foster parents who had formed a loving bond with a child of another race were denied the opportunity to adopt the child.

I can think of no better way to sum up the justification for our policy on interracial adoption than by quoting Jessie Jackson. When asked recently on television by someone arguing that black children should be adopted only by black parents, Mr. Jackson simply asked his debating opponent: What color is love?

Kids need love—the kind of love that can be provided only in a stable family setting. All other considerations must give way to the paramount goal of our policy—every child must live in a loving family.

Let's make adoption easier and help find loving homes for hundreds of thousands of children in need.

I can't conclude without a reminder that the $5,000 adoption tax credit is part of the Contract With America. Republicans remain committed to fulfilling the promises we made to the American people, one important step at a time, and I'm pleased we are being joined by many of our Democrat colleagues.

Madam Speaker, there are many Members who have worked hard to bring this important legislation to the floor. I would particularly like to commend Representative SUSAN MOLINARI, the leader of our Adoption Task Force, for all her good work on this bill, and Chairman JIM BUNNING, who championed this cause in the Ways and Means Committee.

With Mother's Day just around the corner, I can think of nothing better than to allow thousands of women to become mothers for the first time by adopting needy children. Children, families, and our country will benefit greatly. Let's pass this important bill and make that promise a reality.

Madam Speaker, finally, I wish to point out a typographical error that occurred in the committee report—House Report 104–542, part 2—on this legislation. I wish to clarify that on page 21, in the eighth line after the heading ''Explanation of Provision,'' the phrase ''or otherwise discriminate'' should not have appeared in the report, since this language was stricken from the text of the bill.

Madam Speaker, I reserve the balance of my time.

Mrs. KENNELLY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I am delighted, as so many have said before me, to support this $5,000 tax credit for families adopting children. Adoption costs can be really a great burden to a family who wants so much to have that baby or that child, and this legislation before us tonight makes that burden lighter. As has been said, this is a very good bill, one we are all very, very happy to support.

I would like to take this opportunity, Madam Speaker, to read some excerpts from the letter from our President of the United States, Bill Clinton. The President says about this bill that we are debating tonight:

> I strongly support the adoption tax credit in this bill. It will alleviate the significant barrier to adoptions and allow middle class families for whom adoption may be prohibitively expensive to adopt children to love and nurture. It will encourage adoption for children with special needs. It will put parents seeking to build a family through adoption on a more equal footing with other families. I believe that the bill is consistent with the administration's policy and my longstanding goal to end the historical bias against interracial adoptions which too often has meant interminable waits for children to be matched with parents of the same race.

I just wanted to mention, Madam Speaker, that the President has been consistently a supporter of this legislation and made very clear how pleased he is about bringing it to the floor this evening.

I want to say though, Madam Speaker, that we have to admit that usually a healthy baby will be adopted, and this bill helps those adoptions as far as adoption expenses go. But one of the other things that this bill before us, this legislation, has done is to highlight the fact that there are also at the same time 72 percent of those children who are up for adoption, waiting for adoption in foster care, and many of these children have emotional and physical problems, or they have siblings and they all want to stay together and move to a new family together, or they are older children.

So what happens is this bill does not help them, because many of these children, if in fact adopted, the State will conduct that adoption and they will not have the opportunity for a credit as we are proposing tonight.

What I am saying, Madam Speaker, is, as the gentlewoman from Ohio [Ms. PRYCE] said this evening so often, this is a happy bill, this is a good bill, marvelous legislation, a bill that we can all come together and support. Having done that and congratulated ourselves for having brought forth this very, very good piece of legislation, I think we should also take this opportunity to commit ourselves to looking at those children who are waiting for adoption in foster homes, who are looking for families desperately to take them in and to love them, and that we all, as we bring this bill forward, commit ourselves to remembering those children, not just end tonight by passing this legislation, but to continue to work toward making it possible for these children to move to adoptive homes or in fact, as one of the speakers said tonight, make it easier and more possible for the loving foster care family to in fact adopt the children themselves.

Madam Speaker, I reserve the balance of my time.

Mr. ARCHER. Madam speaker, I yield myself such time as I may consume in order to enter into a colloquy with the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Madam Speaker, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from Maryland.

Mr. CARDIN. Madam Speaker, I appreciate the chairman yielding.

Madam Speaker, I rise in support of the $5,000 adoption credit. I would also like to engage the chairman in a colloquy about the definition of qualified adoption expenses under this legislation.

The legislation provides that qualified adoption expenses are reasonable and necessary adoption fees, court costs, attorneys fees, and other expenses that are directly related to the legal adoption of an eligible child. Is it your understanding that the legislation that qualified adoption expenses includes any reasonable and necessary expenses required by the State where the expenses occur as a condition of the adoption?

Mr. ARCHER. Yes, the gentleman is correct. The credit would be available

for all reasonable and necessary expenses required by a State as a condition of the adoption. By way of example, expenses could include the cost of construction, renovations, alterations, or purchases specifically required by the State to meet the needs of a child as a condition of the adoption.

Mr. CARDIN. I thank the gentleman.

Mr. ARCHER. Madam Speaker, I ask unanimous consent that I may yield the remainder of my time to the gentleman from Kentucky [Mr. BUNNING] the chairman of the Subcommittee on Social Security, and that he be allowed to allocate that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUNNING of Kentucky. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise in heartfelt support for this bill. Passing it today is the least we can do to help save some of the half million kids who are stranded in foster care.

When it comes to matters involving family, I usually hold fast to the position that Government should butt out and mind its own business. But, making adoption simpler and more affordable is one instance in which the Government can, and should, step in to make a difference.

I was pleased to see last weekend that the President endorsed our bill. Even though he twice vetoed transracial adoption reform as part of our welfare bill, and even though he previously sank the adoption tax credit when he vetoed the balanced budget bill, we welcome him to the fight.

Better late than never.

Last year when Congress was working on welfare reform, the President called me about transracial adoption and offered to help any way he could. I sincerely appreciated that, but, he could have really helped by not vetoing welfare reform.

By signing this bill, the President can still make a difference for kids who are stranded in foster care.

Better late then never.

Back in 1987 I know that Arkansas enacted a law that required race to be used in making adoptions. Section 9–9–102 of the Arkansas Code says that in placing a child of minority heritage, if the child cannot be placed with relatives, the court shall give preference to ''a family with the same racial or ethnic heritage as the child * * *.''

Now which Bill Clinton should we believe?

So I'm more than a little bit skeptical about the President's endorsement of our bill. But I have read his letter of support, and I am glad to see that he has converted.

Better late than never.

Madam Speaker, I think that many Members are aware that two of my daughters have adopted children of different races. I can personally attest to obstacles that they faced before bringing these children into our family.

These kids were lucky. They ran the gauntlet. Today they are not languishing in foster care, and our family is more blessed because of it.

For these two children, it was better late than never.

But, Madam Speaker, unless we pass this bill today, tens of thousands of kids will not escape the twilight of foster care. They will continue to suffer from discrimination, victims of race-matching.

Unless we pass this bill, their day will never come.

For them we won't even be able to say better late than never. It will always just be never.

The color of a child's skin should not be an impediment to adoption, and it's wrong that this is used to deny children the embrace of a loving home.

I urgently ask my colleagues for their vote on H.R. 3286.

Madam Speaker, I include for the RECORD chapter 9 of the Arkansas Code of 1987:

9–9–102. CONSIDERATION OF CHILD'S MINORITY RACE OR ETHNIC HERITAGE—RELIGIOUS PREFERENCE

(a) In all custodial placements by the Department of Human Services in foster care or investigations conducted pursuant to court order under §9–9–212, due consideration shall be given to the child's minority race or minority ethnic heritage.

(b) In the placement or adoption of a child of minority racial or minority ethnic heritage, in reviewing the placement, the court shall consider preference, and in determining appropriate placement, the court shall give preference, in the absence of good cause to the contrary, to:

(1) A relative or relatives of the child, or, if that would be detrimental to the child or a relative is not available;

(2) A family with the same racial or ethnic heritage as the child, or, if that is not feasible;

(3) A family of different racial or ethnic heritage from the child, which family is knowledgeable and appreciative of the child's racial or ethnic heritage.

(c) If the child's genetic parent or parents express a preference for placing the child in a foster home or an adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in subdivisions (b)(1) or (2) of this section, the court shall place the child with a family that also meets the genetic parent's religious preference. Only if no family is available as described in subdivisions (b)(1) or (2) of this section may the court give preference to a family described in subdivision (b)(3) of this section that meets the parent's religious preference.

□ 2145

Madam Speaker, I reserve the balance of my time.

Mrs. KENNELLY. Madam Speaker, I yield such time as he may consume to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Madam Speaker, the gentlewoman from Connecticut [Mrs. KENNELLY] has been one of the real champions in reforming our foster care system and encouraging more adoptions.

Let me point out, I think people who have been watching this evening will see that there is bipartisan cooperation tonight in moving legislation that is very important to American families. This bill is supported by both the Democrats and Republicans, and I wish we could do that more on the floor of this House and get this type of working relationship where we can produce legislation that is very important to the American family.

This bill and the central part of this bill is to remove an impediment to being adopted from many children who are in foster care, and that impediment is a financial burden. It is very costly in our system to adopt children. Many parents are not able to do that because of the costs. So the central part of this bill is to remove that financial burden, to reduce it significantly on the outset, to make it possible for more children to be adopted.

Madam Speaker, I want to point out another feature of the bill, and that is special needs adoptions which are much more difficult children to place, that have disabilities, that are older, and it is more difficult to place these children in permanent adoption circumstances. This bill recognizes that and provides additional incentives for special needs adoption.

So this legislation has been, I think, worked on in the right way in our committee, in the Committee on Ways and Means, with input from many different groups. It is an important bill, the central feature of which I think will very much help to find more homes for children who are currently in foster care. I urge my colleagues to support this legislation.

Mr. BUNNING of Kentucky. Madam Speaker, I reserve the balance of my time.

Mrs. KENNELLY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I just want to set the record straight on something. I began my remarks by mentioning that the President of the United States had endorsed this bill, and it was mentioned that maybe he had come a little late to the party. That is far from true.

I would like to make it known, and I think it is obviously already part of the RECORD but I would like to say it tonight, that this administration, Mr. Clinton's administration, has worked hard to promote adoption in general and adoption of children with special needs in particular.

First of all, when the President became President, he first championed the Family and Medical Leave Act which enables parents to take time off to adopt a child without losing their job or their health insurance. We all, well, many of us strongly supported that.

The administration then supported the Multi-Ethnic Placement Act to help increase the number of adoptions by prohibiting discriminations based on ethnicity. We remain committed to that and enforcing the law that is about to become law before us tonight.

I also would like to remind Members this evening that as part of our 1993 deficit reduction package, a provision was signed into law that requires ERISA plans to provide the same health care coverage for adopted children as for biological children of plan participants.

This administration has worked for Federal support for adoption of children with special needs, and increased by 60 percent the number of children with special needs who have been adopted with Federal assistance.

So, Madam Speaker, I just really want to mention that the administration, the Clinton administration, has been here from the moment that Mr. Clinton became President of the United States.

I also want to take up one other issue, Madam Speaker, and that is my concern about one of the revenue raisers in this legislation. This bill would fully tax the subsidies provided by utility companies to businesses taking steps to conserve energy.

I am familiar with the legislation that is being eliminated by this bill because I happen to have been the author of it and worked on it for some years, and I was astonished that during a time when we are talking about the rising costs of energy, I do not think it makes sense to eliminate incentives to promote energy conservation.

The President, in this letter that I have been referring to, did mention that he was concerned about the same thing, and he suggested that he would be more than willing to work with the conferees on this bill as they eventually are appointed to see if another revenue raiser could be found instead of this one. It was really very encouraging for conservation.

Madam Speaker, I would like to end by saying that Democrats, Republicans, anyone agrees that finding loving homes for needy children is a goal that government should take every opportunity to pursue, and in this regard, this bill does this tonight. I think everyone who has been involved in this legislation is very pleased it is on the floor tonight and that many more children will find loving homes.

Madam Speaker, I reserve the balance of my time.

Mr. BUNNING of Kentucky. Madam Speaker, I yield 3 minutes to the gentleman from Alaska [Mr. YOUNG].

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Madam Speaker, H.R. 3286 is intended to promote family values, avoid prolonged unnecessary litigation in adoptions and to get away from race-based tests in child placement decisions. I support families, but title III of the bill is antiIndian family legislation and fails to accomplish all three of these goals.

When the Resources Committee considered H.R. 3286, it voted on a bipartisan basis to strike title III of the bill because it fails to put an end to prolonged litigation over Indian child adoptions, will create new impediments to protect abused and neglected Indian children, and raises constitutional issues.

The Indian Child Welfare Act [ICWA] was enacted in 1978 to address a longstanding problem unique to Indian children. At the time, at least 25 percent of all Indian children were either in foster homes, adoptive homes, or boarding schools. Private and public welfare agencies were removing Indian children from their homes at unprecedented rates. And in many cases, where removal was warranted, agencies were ignoring available homes in Native communities. Many of these Indian children have grandparents, aunts and uncles who are willing and able to provide good homes, but were denied placement because they didn't know the children were in need of placement. As a result, Indian children were being removed from their tribal communities in a process the Chairman of the Select Committee on Indian Affairs called cultural genocide.

In my own region of interior Alaska, 80 percent of all Athabascan Indian children removed from their homes were placed in nonrelative/nonNative placements. Generally, the children came from remote villages and were placed in strange urban settings. While that rate has dropped to 40 percent today, still half of the children who were being removed from their tribal communities had been placed in homes outside the familiar environment of their villages and extended families.

It is difficult for me to explain the shock these children experience when they are uprooted from their villages and families and thrust into these unfamiliar surroundings. These children already suffer the heartache of separation from their families, and the difficulties which cause that breakup. ICWA remedies this situation and my message is that ICWA works to keep families together, and that is something that is worth saving.

I hear the concerns of the bill's sponsor over prolonged litigation which ties up some adoptions. But ICWA is not the problem. Many of you have heard of the Rost case. It is a tragic case. But it was caused by an attorney who tried to cover up the natural parents' tribal membership and purposefully avoided checking with the grandparents and extended family of the children to see if the family was available to adopt these children. The attorney in this case is now being sued for malpractice by the natural parents, the adoptive parents, and the Tribe. Unfortunately he inflicted untold sorrow on the Rosts, the grandparents of the children, and, ultimately, on the children themselves, as their fate remains in the courts.

Title III will actually compound the litigation problem. The proposed amendments would exempt from ICWA protection Indian children whose parents do not have social, cultural, and political ties to their tribe. This will have two disastrous affects. First, State courts will now have to hold hearings on whether an Indian child's parents have social, cultural or political ties to their tribe. The only people to benefit from this will be attorneys as they haggle over conflicting facts, trying to apply a vague subjective test, while the children languish in limbo.

Second, the amendments don't just apply to adoptions. ICWA is not the Indian Child Adoption Act; it also applies to custody proceedings for child abuse and neglect cases. Under ICWA, tribes often intervene in these cases to protect abused and neglected Indian children.

For example, the tribes in my region of Alaska intervened in New York to seek the return of an Indian child under ICWA. His mother was a heroin addict who died of AIDS, and the child was later abused in foster care. Today, that child is living with his extended family in a Yukon River village, far from the ravages of social decay which took his mother's life. In another case, an interior Yukon River village intervened in North Carolina to rescue a young girl who was adopted out to a family who sexually abused her, drove her into a mental hospital and then tried to adopt her baby to repeat the cycle. In a third case, another interior Athabascan tribe intervened in a Nevada case involving a 7-month old baby, who was physically abused by its drug-addicted non-Native mother. The baby languished in a Nevada receiving home with 20 other infants until the father's tribe was able to return the baby to Alaska. today, the child is with tribally licensed nonNative foster parents, who are specially trained to deal with drug-affected children, and live near the extended family's village.

The rescue of these children could not occur without ICWA, and under the proposed title III could not occur again, because in each case, the parents of the children had severed their ties to the tribes. In each case, however, the only hope that these children had for rescue was their tribe.

I am sure that, if enacted, title III will ultimately make one or more Indian children available for adoption. However, far more abused and neglected Indian children will needlessly languish in foster care, or worse yet, not receive needed child protection services while State courts determine whether ICWA will apply and protect an innocent abused or neglected child. This may be unintended harm, but it is harm all the same.

Finally, title III raises constitutional problems which were addressed in the original ICWA. In 1977, the Justice Department commented that early drafts of ICWA employed race-based tests for Indian status. Courts have generally held that distinctions based solely on race are constitutionally impermissible. However, courts have also held that distinctions based on tribal membership are based on the sovereign political status of Indian tribes who

enjoy a government to government relationship with the Federal and State governments. The distinctions within ICWA are constitutionally permissible to the extent that they rely upon tribal membership or the eligibility for tribal membership. Distinctions which rely solely upon Indian descent and social and cultural ties to an Indian community are constitutionally suspect as a racially based test. Title III employs this latter category of tests, and may be constitutionally defective and are inconsistent with the other portions of the bill.

Finally, title III of H.R. 3286 is one more example of the Federal Government imposing its arbitrary will on our families without taking any input or advise from the people most directly affected by the decision. This bill is a response to lawyers and lobbyists from the adoption industry which have caused the problem. I have heard from countless tribes in the last 2 weeks, and not a single one has supported this measure. And neither does the Attorney General of the State of Nevada. We should listen to their message.

Therefore, I ask the Members of the House to support my amendment to strike title III. Title III may be well intended, but it will hurt children the rest of this bill is trying to help.

Mr. BUNNING of Kentucky. Madam Speaker, I yield 3 minutes to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Madam Speaker, if I could just say to the gentleman from Alaska, my good friend, and he is one of my closest friends here because he and I fight the battle of property rights time and time and time again, and I just want to tell the gentleman how much I really respect him, but I would just say to him that we do not want to disrupt the 1978 legislation that the gentleman was so instrumental in passing. It was a good piece of legislation.

The problem is that there have been problems that have arisen since then. The gentleman has just spoken of several of them. All that we want to do is try to improve the bill just a little bit to keep these terrible situations from occurring.

I just have to say this, because my friend is so good as the chairman of that committee, but the gentleman will always have a parochial interest. We ran into that in the Committee on Agriculture where those that serve on the Committee on Agriculture could never bring themselves to bring about the end of subsidies for farmers in the agricultural industry. The gentleman is in the same boat.

Madam Speaker, I understand that. But the truth of the matter is, if we do not pass this legislation today, the status quo will remain for another 2, 3, 4, 5 years, because the gentleman knows he will never be able to get the legislation out of his committee. That is understandable. If I were on the committee and had the same parochial interests, I could not vote for it either.

So it is the question of doing it now. Let us improve it a little bit. I have the deepest respect for the gentleman from Alaska. He is one tremendous fighter, and he is out here fighting for his State and for his interests.

Mr. YOUNG of Alaska. Madam Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Madam Speaker, I understand that. The gentleman should keep in mind, although I will admit there have been mistakes by ICWA, this goes far beyond, as I have talked to the gentleman and the other Members, it goes far beyond just ICWA. This goes into the concept of the constitutionality of our responsibility to the American Indian tribes, and it is our responsibility.

□ 2200

When you transfer it to the State courts to make the decisions, then I think, very frankly, you have gone too far. I suggested that to you.

I will argue that case tomorrow before the amendment because what you have done is exceed ICWA. It gets into the whole concept of sovereignty and the constitutional role of the Congress to the American Indian tribes.

If you would strike that provision out of the bill, I would be much more sympathetic to what you are trying to do.

Mr. SOLOMON. Reclaiming my time, Madam Speaker, let me say that once the child has left the reservation, once they are then out into the rest of the United States, that is the problem we are dealing with, where a child has been given up by 2 parents, whether married or not, to an adoptive family. Then they are off the reservation. Those are the problems we need to deal with. It is not fair to years later take these children away. That is what happens.

Mr. YOUNG of Alaska. Madam Speaker, if the gentleman will continue to yield, I will agree with the gentleman. But that can be rectified by taking away the authority of the State court making the decision who is an Indian, who is not an Indian. That is the objection I have most of all.

Mrs. KENNELLY. Madam Speaker, I reserve the balance of my time.

Mr. BUNNING of Kentucky. Madam Speaker, I yield 5 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Madam Speaker, the gentleman from Texas, Mr. PETE GEREN, has raised a very important issue in regard to adoption in recent weeks. While he is unable to be here tonight, he and I share great concern about current IRS procedures which result in unnecessary financial burdens on adopting families by making it difficult to claim a dependent deduction for Federal income tax purposes for a newly adopted child in a timely manner.

It is my understanding that the Internal Revenue Service has assured us, Mr. GEREN and I, that it is committed to working with the Committee on Ways and Means and with my oversight subcommittee and with Mr. GEREN to develop as soon as possible an administrative solution that minimizes these burdens on adoptive parents while balancing processing and potential compliance considerations.

During our markup on H.R. 3286 in the Committee on Ways and Means, Treasury Assistant Secretary Samuels said that both the IRS and Treasury will work with our committee to develop appropriate administrative solutions. I appreciate Mr. GEREN's leadership on this matter and the IRS's willingness to give this problem the immediate and serious attention it deserves.

I would like to include for the RECORD a letter sent to the gentleman from Texas, Mr. PETE GEREN, by the Internal Revenue Service stating their intent to solve this problem and any additional remarks he would like to make thereto.

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, DC, May 9, 1996.

Congressman PETE GEREN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN GEREN: Jim Feroli of your office asked me to address the issues you raised regarding the difficulties that some adopting parents face in obtaining a Social Security Number (''SSN'') for their adoptive child and thus timely claiming the dependency exemption on their federal income tax return. I understand that this situation occurs in both foreign and domestic adoptions where the parents satisfy all of the dependency support requirements of section 152 of the Code but the adoption is not yet final.

Treasury and the IRS are currently looking into the SSN difficulties faced by such adopting parents. As you may be aware, Treasury Assistant Secretary Samuels told the House Ways and Means Committee last week at the Adoption Credit Bill mark-up that both IRS and Treasury will work with the Committee to develop any appropriate administrative solutions to minimize the burdens on adoptive parents while balancing IRS returns processing and potential compliance considerations. Nonetheless, I thought it would be helpful to explain to you our current understanding of the SSN issue.

With regard to foreign adoptions, the Social Security Administration (''SSA'') told me that they will issue an SSN to adopting parents upon receipt of the Immigration and Naturalization Service (''INS'') documentation required to legally bring a foreign child into the United States. If the adopting parents satisfy the support requirements for their adoptive child but the child does not yet qualify for an SSN (e.g., the parents do not have the appropriate INS documentation), the adopting parents will soon be able to obtain an Individual Taxpayer Identification Number (''ITIN'') to claim the dependency exemption for the foreign adoptive child. ITINs are a new taxpayer numbering system that the IRS expects to implement by July 1996 for non-resident aliens unable to obtain SSNs. Individuals eligible to receive an SSN may not receive an ITIN.

With regard to domestic adoptions, the situation is more complex because an adoptive child may have an SSN as a result of actions taken by the child's birth parents, the state or an adoption agency. We are currently trying to assess when such SSNs are available

to the adopting parents and when they are not available because of the privacy concerns of either the birth parents or the adopting parents. We also understand from the SSA that they will issue an SSN for a child to a state or an adoption agency which is acting on behalf of the adopting parents, but we have yet to confirm how often SSNs are issued in such situations. We are thus currently assessing different possibilities to resolve the potential problems adopting parents have in the domestic context, and we will certainly keep you informed of our progress.

I hope you find this information helpful. Please call me if you have any questions.

Sincerely,

JOHN M. STAPLES,
Assistant to the Commissioner.

Further, Madam Speaker, I would like to tell a small story. In the fall of 1954, Bertha and Harry Holt, Oregon farmer, attended a missionary conference in which they learned about the plight of Korea's war orphans, especially those that had been fathered by American GI's. The Holts, who already had 6 adolescent and young adult children, were so moved by what they saw and heard that they decided to start sending money to Korea to meet the needs of as many children as they could. Over the months, they felt the tug of the plight of those children and decided to adopt several biracial GI babies. In fact, they decided to adopt not two or three but eight children.

At the time immigration law only allowed Americans to adopt two children from overseas. So a special bill was needed. Though Senator Neuberger introduced it promptly, no action was taken by the wee hours of the closing night of that session.

All seemed lost, when Senate passage happened. And in the House Representative Green had been promised the bill would be called up for action as soon as it won Senate approval. But that Saturday morning, the clerks could not find the bill and its accompanying report anywhere.

Mrs. Green started digging. And with the help of Speaker Sam Rayburn, they dug through the stacks of bills and reports that were flooding in from the Senate and finally, late in the afternoon, she found the bill. And before sundown it was passed and sent to the White House.

Several years later, haunted by the memory of the children who had been left behind, the Holts established an orphanage in Korea. From that humble beginning, the great tradition of intercountry adoption was established. As important as the tax credit provided by this bill is the provision related to transracial adoption, Madam Speaker, Harry Holt would be horrified to learn that American children languish in foster care in America today because they are of a different race than waiting parents. Rev. Jesse Jackson asked the critical question about transracial adoption, the question we should ask ours today: What is the color of love? Indeed, Madam Speaker, what is the color of love?

I want to commend my colleague, the gentleman from Kentucky [Mr. BUNNING], the gentlewoman from New York [Ms. MOLINARI], and the gentlewoman from Ohio [Ms. PRYCE] for their leadership in fashioning this legislation, and I urge my colleagues to support its passage.

Mrs. KENNELLY. Madam Speaker, I yield myself the balance of my time.

Madam Speaker, I rise today in support of providing a $5,000 tax credit for families adopting children. The cost of adopting an infant can exceed $15,000 when you add up the legal fees, court costs, and charges assessed by adoption agencies. This is a heavy burden to bear for middle-income Americans who want to start a family.

However, we should be honest and say that healthy babies will be adopted with or without a tax credit. The children who are really waiting to be adopted are those with special needs, usually meaning they are older, or have emotional or physical problems, or represent a minority. Special needs children represent 72 percent of foster care children who are awaiting permanent adoption. Most of the benefits in the bill before us would not go to families adopting these children because their adoptions are conducted by the States, meaning there are few costs for which to claim a tax deduction.

I also want to express my concern about one of the revenue raisers in this legislation. The bill would fully tax the subsidies provided by utilities companies to businesses taking steps to conserve energy. During a time when we are all talking about the rising cost of energy, I don't think it makes sense to eliminate incentives to promote energy conservation. I understand the Clinton administration has offered to work with Congress to find a different revenue offset to pay for the bill, and I hope the majority will take the President up on that offer.

Madam Speaker, Democrats and Republicans agree that finding loving homes for needy children is a goal the Government should take every opportunity to pursue. In this regard, the bill before us is not perfect, but we should not allow the perfect to become the enemy of the good. I urge my colleagues to support this legislation to help promote adoption.

Madam Speaker, I include for the RECORD the following correspondence:

THE WHITE HOUSE,
Washington, May 6, 1996.

DEAR MR. SPEAKER: I am writing to express my strong support for The Adoption Promotion and Stability Act of 1996. Today, families seeking to adopt children face significant barriers, including high adoption costs, complex regulations, and outdated assumptions. I am committed to breaking down these barriers and making adoption easier. Promoting adoption is one of the most important things we can do to strengthen American families and give more children what every child in America deserves—loving parents and a healthy home. This legislation will help children in need of adoptive homes to be united with devoted parents.

This Administration worked hard to promote adoption in general, and adoption of children with special needs in particular. It championed the Family and Medical Leave Act which enables parents to take time off to adopt a child without losing their jobs or their health insurance. We strongly supported the Multi-Ethnic Placement Act to help increase the number of adoptions by prohibiting discrimination based on race or ethnicity, and we remain committed to enforcing that law vigorously. As part of our 1993 deficit reduction package, I signed into law a provision that requires ERISA plans to provide the same health coverage for adopted children as for biological children of plan participants. We have worked to preserve Federal support for adoption of children with special needs, and increased by 60 percent the number of children with special needs who have been adopted with Federal adoption assistance.

But together we can and must do more. I strongly support the adoption tax credit in this bill. It will alleviate a significant barrier to adoption and allow middle class families, for whom adoption may be prohibitively expensive, to adopt children to love and nurture. It will encourage adoption of children with special needs. It will put parents seeking to build a family through adoption on a more equal footing with other families.

I believe that the bill is consistent with the Administration's policy and my longstanding goal to end the historical bias against interracial adoptions, which too often has meant interminable waits for children to be matched with parents of the same race. The Administration also has some concerns regarding some of the provisions used to offset the cost of the bill and would like to work with the Congress on these provisions. In addition, we need to ensure that unnecessary provisions are not included in the legislation.

The Adoption Promotion and Stability Act is an important first step toward meeting the challenge of removing barriers to adoption. I look forward to working with you so that the dreams of the waiting children in this country to have permanent homes and loving families can become a reality.

Sincerely,

BILL CLINTON.

Madam Speaker, I yield back the balance of my time.

Mr. BUNNING of Kentucky. Madam Speaker, I yield myself the balance of my time, just to close, because we do not have anyone else to speak on behalf of our side.

I would like to congratulate the gentlewoman from New York, Ms. MOLINARI, the gentlewoman from Ohio, Ms. PRYCE, and all others who have participated in the Committee on Ways and Means, who participated in the transracial adoption portion of this bill and congratulate them for their very fine work in bringing this to the floor.

This is a happy day that we are doing this. This will advance bipartisan support for adoption, for adoption tax credits, for adoption of racial barriers to go down, in other words, that there be no racial barriers in adoption. I am very pleased to support this legislation.

Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mrs. MORELLA). Pursuant to the order of the House of today, further consideration of the bill will be postponed until tomorrow.

SPECIAL ORDERS

The SPEAKER pro tempore. (Mr. TAYLOR of North Carolina). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the Following Members will be recognized for 5 minutes each.

PLANT CLOSINGS AND AMERICAN JOBS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine [Mr. LONGLEY] is recognized for 5 minutes.

Mr. LONGLEY. Mr. Speaker, on Monday of this week, a chilling announcement was received by 500 employees of the C.F. Hathaway Co. in Waterville, ME. When the Warnaco Co., which is a national holding company, which owns the C.F. Hathaway Co., in Waterville, made the following announcement, that following a comprehensive evaluation of their Hathaway men's dress shirt business, the Warnaco Co. had decided to cease manufacturing and marketing this brand. This decision will ultimately result in the sale of the business or the cessation of operations at those facilities were Hathaway shirts are produced, including the plant in Waterville, ME.

Mr. Richard Kelso, president of the Mid-State Economic Development Corp., in central Maine, said of the news that this was going to be a devastating blow because of the large number of workers involved and that unemployment in the mid-Maine area would soar from 7 or 8 percent, currently a full point above the Maine State average, to upward of 10 percent.

This is a significant and devastating blow to the Waterville, ME economy. While the Waranco Co., has indicated that it will cease manufacturing at the facility, they have, pursuant to State law, given the 500 employees 60 days notice of their intention to either terminate operations or, hopefully, to find a buyer for their operations. The Governor of our State, Governor King, has spoken to the company and has conveyed to the company his great concern over the welfare of those 500 workers and that he, on behalf of the State and the congressional delegation, was going to extend every effort to assist the Warnaco Co., in attempting to find a buyer. He and we and other Members of the delegation have all urged the company to continue their operations, hopefully until such time as we can find a buyer for the company.

Mr. Speaker, this is a tremendous economic loss or potentially a tremendous economic loss to central Maine. The C.F. Hathaway Co. is currently the oldest domestic shirt manufacturing company in the United States. It was founded in 1837, almost 160 years ago. The 500 workers today work at wages averaging $7 to $9 an hour. We all hear a lot of talk about the productivity of the American worker, and we are all very gravely concerned about the shift towards overseas and offshore production.

It is significant that just in the last 2 years, as the workers of this company became aware of the fact that Warnaco was concerned about its production costs, that they have managed to increase weekly output from just over 2,000 dozen shirts a week to more than 3,000 dozen shirts a week, an increase of over 40 percent. Just as importantly, the labor costs have decreased from about $125 a dozen shirts to $60 a dozen shirts.

What is even more startling to the people in my State and in my district is the fact that the Warnaco Co. also at the same time reported over $30 million in operating income on revenues of $206 million or net income of about $15 million after additional expenses.

This is the contrast that we face: American workers losing good American jobs, paying local taxes, supporting State and Federal Government, and yet confronted with the loss of their jobs even as the company that owns their production facility is making millions of dollars.

I would suggest that there is an issue here that we in this Chamber should be paying attention to. I hope to be investigating it further.

We need to take a very close look at the cost of doing business in this country and specifically evaluate the fact that 500 workers could be losing their jobs at the very same time that a company could be earning millions of dollars and in fact watching the stock price of the company rise even as they are losing their jobs.

□ 2215

I think this is a serious issue. I have called on the Warnaco Co. to extend every consideration to the State and to the Governor as he attempts to lead us in attempting to find a purchaser for the company, and I encourage and hope that they will extend that courtesy. The 500 workers who demonstrated a tradition of loyalty going back 160 years I hope are entitled to the same expressions of loyalty and courtesy from the company for which they worked and I think we can ask for no less.

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under a previous order of the House, the gentleman from Massachusetts [Mr. MEEHAN] is recognized for 5 minutes.

[Mr. MEEHAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. BURTON] is recognized for 5 minutes.

[Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON] is recognized for 5 minutes.

[Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio [Ms. PRYCE] is recognized for 5 minutes.

[Ms. PRYCE addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

HUD HOUSING IMPLEMENTATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. DOYLE] is recognized for 5 minutes.

Mr. DOYLE. Mr. Speaker, since we just completed consideration of the U.S. Housing Act, I believe it is appropriate that I rise this evening to discuss a public housing issue that is now being played out in western Pennsylvania.

In the suburban communities of Pittsburgh, which I represent in Congress, the U.S. Department of Housing and Urban Development, county housing authority, county government, and lawyers representing plaintiffs from a 1988 lawsuit are in the process of implementing a plan to provide public housing for those plaintiffs. And, while I am sure that lawyers could argue the merits of this case for days on end, my dispute is with the manner in which the implementation is being conducted.

In the last year, when decisions were made to purchase single-family houses in seven municipalities within two school districts, the elected officials and residents of these municipalities were not informed and not consulted. The first word of this plan to purchase single-family houses in six communities out of 100 eligible communities in Allegheny County, was this undated form letter notifying them that houses in their communities would be purchased for section 8 housing.

I became involved when the mayors of these affected communities wondered why they had not been brought into the decisionmaking process until it was too late, and then only for appearances. They were at a loss for what could be done about HUD forcing its will on their citizens. I suggested that they form an intermunicipal working group and offer an alternative plan to the proposal by the parties of the consent decree.

There are three basic problems with the path HUD is taking in my district: The lack of community notification and participation, the concentrated loss of tax revenues to the municipalities and school districts, and the extravagant use of taxpayer funds to provide public housing.

First, HUD has shown little interest in communicating with local officials

during the decisionmaking process. HUD, and the other parties to this consent decree, deliberately contrived to purchase houses using national guidelines in an original price range between $74,500 and $104,500 for a single unit of housing. When asked only as recently as last week, the communities, where six of the homes were to be purchased, provided lists of more reasonably priced houses as alternatives for purchase. The community leaders are making a good faith effort that is certainly more of a commonsense approach.

By concentrating the first 18 of these 23 house purchases in three communities, the tax revenue losses due to the tax exemptions for section 8 housing were directed unfairly at a relatively small number of communities and only one school district. We proposed that the scattered-site distribution be made throughout a wider geographic area so any revenue losses would be a burden shared fairly among the entire region. After all, the consent decree calls for the public housing to be located throughout Allegheny County, not just a limited portion of the county. And that brings me to the third area that HUD disregarded in its implementation. By purchasing less expensive houses, the tax revenue losses would be more bearable by the local governments and this would be a fair way to treat the citizens who already live in those communities.

The case concluded with a judge's consent decree which requires HUD to acquire 100 units of public housing within Allegheny County to be maintained by the county's housing authority. This still left open the question of how the decree would be implemented.

After the judge's ruling in December 1994, the parties involved in the lawsuit began making implementation plans, but they did not ask for any input from the communities involved. Some time before this past December, HUD decided that it would purchase 23 scattered-site single family houses in a small number of communities to begin implementing the decree. My observation is that there is a right way and a wrong way to implement such a consent decree. HUD and the others involved in this case have taken the wrong path and should go back and start over.

On Tuesday, HUD closed purchases on five of six houses, with prices of $57,500, $67,000, $73,000, $76,000, and $76,595. The people in these communities work hard to have homes and some work two and three jobs to pay for them. Most of the people who live in these communities cannot afford to buy homes at those prices. What kind of a message is HUD sending when they use $2.6 million of the taxpayers' funds to purchase 23 houses in 7 communities? Is this wise use of Federal funds? I don't think so.

Along with the local elected officials, I recommended that HUD help revitalize the housing stock in these communities by purchasing starter homes—homes that could be purchased for much less, and upgraded to improve the housing stock in those communities. This would be a win-win proposal and a commonsense approach to the problem.

I discussed this entire fiasco with Secretary Henry Cisneros recently and I thank him for listening. Now, I want him to act. This week I wrote this letter asking him to place the houses that HUD purchased this week back on the market. HUD needs to start over. And I am asking that he use the guidelines I just explained to implement the consent decree. If HUD is willing to purchase less expensive starter houses across a larger number of the 100 eligible communities and work with the community leaders to identify such properties, then we will solve this implementation challenge. We have been ready to offer alternatives and act in a cooperative spirit to assist HUD and the local housing authority in implementing this consent decree.

During the recent debate on H.R. 2406, the U.S. Housing Act, I discussed this issue with the Appropriations VA/HUD Subcommittee Chairman Jerry Lewis, and I have his assurance that he will work with me through the appropriations process to develop legislative language ensuring that this kind of reckless disregard for the communities and extravagant use of taxpayer dollars does not continue. Public policy on housing and on other local issues should be developed with public participation and by extending a hand of cooperation. We are prepared to cooperate and help create a better life for every citizen in western Pennsylvania.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. MCINTOSH] is recognized for 5 minutes.

[Mr. MCINTOSH addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida [Ms. BROWN] is recognized for 5 minutes.

[Ms. BROWN of Florida addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

SALUTE TO LT. COL. HAROLD COHEN ON HIS RECEIPT OF DISTINGUISHED SERVICE CROSS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. CHAMBLISS] is recognized for 5 minutes.

Mr. CHAMBLISS. Mr. Speaker, I rise tonight to salute a remarkable man who is the subject of a remarkable story. Harold Cohen is a native of Spartanburg, SC. He is the son of a Russian immigrant.

In 1942 Harold Cohen entered the Army of the United States of America as a private. Two and a half years later Harold Cohen was a major in the U.S. Army and a battalion commander. Ultimately Harold Cohen received the rank of lieutenant colonel in the U.S. Army.

Colonel Cohen was a close personal friend and a colleague of Creighton Abrams. He and General Abrams served together as a part of General Patton's 3d Army. General Abrams was commander of the 37th Tank Battalion while Colonel Cohen commanded the 10th Armored Infantry Battalion.

It has been said of Harold Cohen as follows:

> Often in the advance, Cohen's infantrymen would ride on Abrams' tanks. Cohen himself, remembered his men, was in constant motion. He sped up and down the column in a mud-splattered Jeep, pleading, coaxing and cursing. His high-pitched voice with his rich southern accent could be heard from great distances. Abrams as a tanker was impressed that infantry leaders like Cohen could motivate their men to move forward under fire with nothing but their OD shirts for protection and he often did so.

Harold Cohen became a real World War II hero. For the exemplary service that Harold Cohen rendered to his country, Harold Cohen received four Silver Stars, three Bronze Stars, three Purple Hearts, the Legion of Merit, the French Croix de Guerre, and awards from Poland, England, Czechoslovakia, and Luxembourg.

But the highest recognition of Harold Cohen was yet to come. Harold Cohen mustered out of the Army after the war and became a successful businessman in Tifton, GA. Creighton Abrams went on to become Chief of Staff of the U.S. Army.

Dr. Lewis Sorley, who is a resident of Potomac, MD, wrote a book called ''Thunderbolt.'' ''Thunderbolt'' included a long history of the life of Creighton Abrams.

During the course of writing that book, Dr. Sorley discovered that during the latter part of World War II, Harold Cohen was recommended for the Distinguished Service Cross by his men for bravery performed by Harold Cohen during an event that took place on February 25, 1945. The paperwork on this particular recommendation for the award of the Distinguished Service Cross for Harold Cohen unfortunately became lost during the process of the end of World War II.

Dr. Sorley pursued the matter after he discovered this. He went to the U.S. Army, told them what had happened and thanks to his diligence, Harold Cohen today received the Distinguished Service Cross from Gen. Dennis Reimer, who is the current Chief of Staff of the U.S. Army.

The receipt today was very special, because Harold's wife Bettye; Harold's children Marty and Peggy; their grandchildren, Anna, Rachel, Michael, and Alan were also present.

I would like to take just a minute to read the citation that was presented to Harold Cohen today.

> The President of the United States, authorized by an act of Congress dated July 9, 1918, has awarded the Distinguished Service

Cross to Lieutenant Colonel Harold Cohen, United States Army Retired, for extraordinary heroism in action. Lieutenant Colonel Harold Cohen distinguished himself by extraordinary heroism on February 25, 1945, when the situation became untenable during his battalion's attack upon Brake, Germany. Small arms, artillery and direct fire came from all directions. Colonel Cohen took a position of high ground in plain view of the enemy. Oblivious to all danger and constant fire that fell all about him, directed tank fire and lifted friendly artillery fire that was falling too close. His personal bravery, inspiring leadership and tactical skill retained the initiative and gained the important objective. Lieutenant Colonel Harold Cohen's quick heroic actions and personal courage reflect great credit on him and the United States Army.

Harold Cohen heads up my military academy appointment committee. I am very proud that Harold Cohen and his wife Bettye are my good friends.

There are two people who tonight are not with us, Gen. George Patton and Gen. Abe Abrams, who are very proud of Harold Cohen. They rolled over tonight and smiled as Harold Cohen received the Distinguished Service Cross from General Reimer. They are proud of you, Harold, as am I.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. BARR] is recognized for 5 minutes.

[Mr. BARR of Georgia addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

BILL PASSES HOUSE INCREASING PENALTIES FOR WITNESS AND JURY TAMPERING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. Mr. Speaker, I want to take this opportunity to thank you for your support this week of legislation which I brought forward through the Committee on the Judiciary.

I wish to thank the gentleman from Illinois [Mr. HYDE], chairman; the gentleman from Florida [Mr. MCCOLLUM], chairman of the Subcommittee on Crime; the gentleman from Michigan [Mr. CONYERS], ranking member; and the gentleman from New York [Mr. SCHUMER], subcommittee ranking member. Each of them played a part in making sure legislation which I introduced and unanimously passed this week which calls for additional penalties for witness intimidation, as well for juror tampering and juror intimidation.

This legislation was the outgrowth of an article that was part of a series in the Wall Street Journal which outlined a few years ago the fact that some of our Federal defendants saw fit to use self-help and intimidation on witnesses and jurors to get out of the substantive crime for which they were charged, and they had rather do that because the law actually provided at that time the disincentive to use the tampering and risk maybe being found guilty of tampering, and they were, but they were found not guilty because of self-help, an illegality, of the major charge. Our legislation this week will change all that.

From now on, hopefully with the Senate's approval and the President's signature, our legislation this week will make sure that the penalties will be equal, the substantive events and the offense as well to tamper with witnesses and jurors.

I know that this will do a lot for us across the country. My own District Attorney Michael Marino from Montgomery County, PA, who endorsed legislation early on and also helped us receive the endorsement of the Pennsylvania District Attorneys Association had outlined very well that this legislation would very much help him prosecute criminals because witnesses and jurors would feel more secure.

In our neighboring county in Philadelphia, District Attorney Lynn Abraham had for a long time desired this kind of legislation because she has had difficulty getting the high conviction rate she wants for homicides. While her office does an excellent job, they are plagued with a problem of witness and juror intimidation in their cases.

Legislation like this and similar legislation to be passed in the 50 States for the State courts will go a long way for us in helping to make sure that prosecutions proceed, that justice prevails, and that those who are charged with crimes cannot use self-help any longer to exculpate themselves from those crimes and interfere with the court system.

□ 2230

I also wish to note this week that this was an excellent week for our crime victims because three other bills were passed.

Megan's bill, by DICK ZIMMER of New Jersey; that legislation will require the registration of known sex offenders.

And, as well, legislation from DICK CHRYSLER of Michigan, that is going to add additional penalties for those who would commit violent crimes against children or violent crimes against seniors. They will in fact receive greater sentences than the Federal statutes call for today.

And, finally, legislation from ED ROYCE of California. This was a quest of his constituents, many of whom had come forward to him and especially one witness who appeared this week at the Capitol, explaining to us in very poignant terms about the problems of stalking in her State, the threats to those who are stalked and how we need tough Federal laws to prevent this crime and strong, stiff sentences for those who would commit. ED ROYCE'S bill this week will for the first time put teeth into the law, discourage stalking, and make sure that those who commit such heinous crimes will have to answer for them.

So I am happy to congratulate my colleagues on both sides of the aisle for their bipartisan effort to help us fight crime, improve public safety, and make sure that our courts are in fact free of the intervention by those who would destroy the system, create threatening situations for victims, I think destroy the public's confidence in our own law enforcement. But these bills this week have made a difference.

Mr. Speaker, I thank my colleagues for their support, and I thank the Speaker and my colleagues for your indulgence tonight.

REPUBLICAN BUDGET FOR FISCAL YEAR 1997

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for one half of the time remaining before midnight as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I know that the hour is late, but I would like to address the Speaker and my colleagues tonight because today, in fact yesterday but we received more information today, the Republican leadership unveiled their budget, their budget for the next fiscal year. Very upsetting to me and I think particularly to senior citizens throughout this country, once again we see that the budget is very heavily dependent on cuts in Medicare and Medicaid, primarily once again to pay for tax breaks for the wealthiest Americans.

I think that we know that in 1995, all of last year, we went through a series of efforts with the Republican leadership budget to try to oppose what Speaker GINGRICH and the Republican leadership were trying to do to Medicare. They repeatedly came up with budget initiatives that would have cut Medicare and Medicaid severely, again primarily to pay for tax breaks, and again those tax breaks primarily to wealthy Americans.

I had hoped because of the battle that ensued, that was largely taken up by Democrats against this proposal, that we would not see it raise its ugly head again. But in fact it has, and yesterday and today and I am sure over the next few weeks we are going to see again an effort to basically use the budget and use the cuts in Medicare and essentially pay for the Republican-proposed tax breaks on the backs of senior citizens.

Now, I know I am going to hear over and over again from the Republican side that that is not really what is happening here, what we are really trying to do is somehow protect Medicare, or that somehow the level of cuts that are being proposed by the Republican leadership are not that different from some of the things that the President or some of the Democrats have proposed over the years.

But I would point out that there are major changes in the Medicare and

Medicaid program that are being proposed by the Republican leadership, so that it is not just a question of dollars, it is also a question of what the Medicare and Medicaid programs are going to be like. I would venture to say that they are going to be radically different from what seniors expect and have seen in Medicare over the last 30 years. In fact, I would say that the every nature of these changes in Medicare basically destroys the Medicare program and makes it into something which is very different and very radical from what we have today.

I am not surprised by that, because one of the points that I kept stressing throughout the Medicare debate last year was that the Republican leadership really does not like Medicare, really does not care whether Medicare is changed or negatively impacted because many of them never supported Medicare from the beginning.

I would cite a quote that was made by the likely Republican candidate for President, who said, and I quote: ''I was there fighting the fight, voting against Medicare, one out of 12, because we knew it would not work,'' in 1965 when he was then a Congressman here in the House of Representatives. That statement was made by the Republican Presidential candidate just last October 24, 1995.

Similarly, we have the Speaker, the Republican Speaker of the House of Representatives. He made another interesting comment which is very similar, if you will, back in October, on October 26, 1995. He said, ''We do not get rid of it,'' referring to Medicare, ''in round one because we do not think that that is politically smart and we do not think that is the right way to go through a transition period. But we believe it is going to wither on the vine because we think people are voluntarily going to leave it.''

Well, that was a statement that was made by Speaker GINGRICH again in October of last year. But what we are seeing here, and I think that it is really summed up by the Speaker's statement, is that the changes that are being proposed once again in this budget that we have received over the last couple days, the changes that are being proposed in Medicare by the Republican leadership will ultimately force seniors out of the traditional Medicare program that they are used to. In fact the program, the Medicare as we know it, essentially or eventually does wither on the vine and disappear as an effective and quality health care program for the average American.

Mr. Speaker, I could go on and cite some of the other Republican leaders. Representative DICK ARMEY from Texas, who is the majority leader, made similar types of statements. But I think that I would rather get into the whole issue of what they plan to do it and how they intend to change Medicare and Medicaid so that they are negatively impacted.

Before I do that, though, I just wanted to cite several reasons really why massive Medicare and Medicaid cuts are harmful, and it really goes back to the original purpose of the Medicare program.

The reason why Medicare was started by President Johnson back in the early 1960's was because of the concern over the fact that many senior citizens simply did not have health care. They were living in poverty. They could not afford private insurance. They could not afford to pay out of pocket for the health care needs that they had.

What we did back in the early 1960's was to essentially make sure that all senior citizens would be guaranteed health care, that everyone, when they got older and over 65, would know that they were guaranteed a certain level of health care. That is what Medicare is all about. But the massive Medicaid cuts, the massive Medicare and Medicaid cuts will basically increase old-age poverty and turn this all around.

Half of all the senior citizens right now have incomes of less than $17,000 a year. Medicare and Medicaid cuts will increase out-of-pocket health care expenses for seniors, and the result is a massive increase in old-age poverty to the extent that seniors will spend the little money that they have to pay for health care. If it is not covered by Medicare or certain things are not covered by Medicare and they have to spend more out of their pocket, they go further and further into poverty.

Mr. Speaker, it is also true that cuts in Medicare and Medicaid will reduce access to health care and result in an increase in sickness and misery. Particularly hard-hit will be Medicaid nursing homes where already minimal staff will be cut back to skeleton crews. I think a lot of us forget that the Medicaid programs, which is primarily a program for poor people, the majority of the money is spent for senior citizens in nursing homes. So if they cut back severely on the Medicaid program, they negatively impact nursing home care.

Medicare cuts also mean less access to doctors because Medicare, Medicaid pay less for physician services than private insurance companies. Many doctors are simply refusing to accept more Medicare and Medicaid patients. In rural areas, poor areas and areas with large numbers of senior citizens, access to health care will be further restricted by too steep Medicare and Medicaid cuts.

Massive Medicare cuts also mean increased cost shifting to younger people. The elderly use the same nurses, physicians and x-ray machines as everyone else. Right now Medicare is paying health care providers substantially less than the health plans covering the working population. The difference in public and private reimbursement rates has shifted from the elderly to younger patients.

So lest any of the young people feel, ''Well, what does it matter to me if Medicare is negatively impacted or Medicaid,'' they need to know that what essentially happens is that the hospitals and the health care providers shift the cost to younger people, so they ultimately will suffer.

Medicaid cuts particularly harm poor children. One out of every four children in America is in poverty. Medicaid is the primary health insurance system for America's poor children. Medicaid cuts mean that poor children will have even less access to health care.

Medicare cuts also harm the disabled. More than 4.2 million seriously disabled Americans have their health care needs met by the Medicare system. Hundreds of thousands of very seriously disabled Americans are taken care of in Medicaid nursing homes. Cuts in Medicare and Medicaid will do serious harm to the primary health care systems of America's most disabled.

I think, most important, the level of Medicare and Medicaid cuts that the Republican leadership has proposed will force many hospitals to close. We made this point during the debate last year in 1995. It is just as true now with the cuts that are being proposed by the Republican leadership now. Hospitals depend on Medicare and Medicaid for approximately 45 percent or more of total revenue. If Medicare and Medicaid are cut back, many hospitals will be forced to close and consolidate their patient base. The result will be less access to American medical care and fewer jobs in areas that may already have depressed economies.

Mr. Speaker, I think lastly, and I would like to mention this because I think it goes against what the Republican leadership has said from the beginning, the Republican leadership in the beginning of 1995 talked about and tried to implement their Contract With America. But what we were saying as Democrats throughout that debate is that the Congress cannot make a new Contract With America if it is not willing to make good on the old Contract With America, which is Medicare.

The contract said that working Americans would be taxed their entire working lives in exchange for known and specified benefits in old age, and that contract was broken in 1995 by the Republican leadership. I believe it is broken once again today with the level of Medicare cuts and the changes in the programs that are being discussed or being proposed by Speaker GINGRICH and the other Republican leaders.

Now, let me get into a little analysis of exactly what we received yesterday and today as part of this new Republican budget for 1997. Again, a lot of this is just based on press conferences or press materials. But what was presented by the Republican leadership repeats many of the extreme policies that were proposed in the fiscal year 1996 budget which was vetoed by President Clinton last December.

It maintains the skewed priorities of the early Republican budget: large tax cuts paid for by excessive cuts in Medicare and Medicaid. Medicare is cut by

$168 billion over 6 years. The numbers have changed slightly, but the impact on people and hospitals is the same as last year's budget. The implications for health care delivery, seniors will have less choice, Many of the hospitals will close, and doctors and hospitals will be able to do balanced billing. That is where they simply charge Medicare recipients more than what Medicare pays.

The Republicans claim that their cuts of $123 billion—of this $168, $123 billion is in part A, which primarily pays for hospitals and health care institutions—the Republicans say that these cuts are necessary to preserve the solvency of the Medicare Trust Fund through the year 2006. In fact, the President's budget proposal, which he unveiled earlier this year, extends the life of the trust fund through 2006 without such deep reductions.

□ 2245

Republicans are clearly using funds cut from Medicare to pay for part of their tax breaks, just as they did in 1995. Now when you go to Medicaid as opposed to Medicare, Medicare being primarily a program for seniors regardless of income, Medicaid primarily for poor people regardless of age, Medicaid spending in this new Republican budget is cut by $72 billion over 6 years. They block grant Medicaid. It is this idea of sending the money back to the States in a block grant, cutting the amount of money that the States get, because Medicaid, the States have to match what the Federal Government puts up. So if you block grant the money and send the Federal dollars back to the States, you reduce the amount that the States are going to get and you basically say look, you do what you what with it, without any strings attached.

What that means is that Medicaid, as we know it, which entitles certain people, certain poor people, to health care benefits, children, pregnant women, certain people were just automatically eligible because of Federal guidelines, well, with this block grant approach, where the States basically get less money but are free to spend the money as they please, essentially you are eliminating the guarantee of coverage to a lot of low income children, to a lot of nursing home residents, because what the States will do is they will say okay, we are getting less money, we cannot afford to pay as much State money as we used to, and, therefore, we will just say that certain categories of people are not eligible for Medicaid, or even if they are we will not provide certain services.

So the whole block grant approach to Medicaid essentially means a lot of people will not have coverage who have it now, and if they do have coverage, the types and amounts of services will be severely impacted.

In Medicaid, the proposed cuts of the Republican leadership are $18.5 billion deeper than the reductions proposed by President Clinton. But more important, Republicans appear to be proposing a change in the State match rate which could ultimately produce cuts in total Medicaid funding of more than $250 billion through the year 2002.

I will get into that a little more, in a little more detail later, but essentially right now, the Medicaid program is whatever Federal dollars are put up, the States have to match them essentially 50–50 to achieve a dollar that is spent on Medicaid patients. What the Republicans are proposing to do is to say we will give you more Federal dollars and you do not have to match as much in State dollars. But the point is that the overall amount of money that would be available for Medicaid patients is less, and hence you get the interest in the States in actually spending less or disqualifying certain people who are now eligible for Medicaid.

Now, I wanted to get into a little on Medicare again, what changes are really being made and how radical the Republican changes are to the Medicare program for senior citizens. There are basically three aspects of the current Medicare program for seniors that have existed since it began under President Johnson that are now threatened by the Republican proposal that has been unveiled.

Right now, Medicare offers beneficiaries, seniors, unlimited choice of doctors and hospitals. They can go to any hospital or doctor they want. It offers protections against balanced billing, in other words, limitations on what doctors can charge you beyond what Medicare pays, and, third, guarantees coverage of all Medicare benefits for the premium established by law.

So if you are eligible for Medicare under current law, you are entitled to certain benefits. Well, all these protections are at risk under the budget and under the proposals the Republicans are putting forward.

First of all, let us talk about this unlimited choice of doctors and hospitals. What they are going to do, what the Republicans are proposing to do, is push more and more and eventually most senior citizens into HMO's or managed care systems, where you do not have a choice of doctors or hospitals. The way they do that is through very tight budget caps. They basically put a cap on the overall amount of money that is available in the current fee for service system, where you choose your own doctor. So they say if you go into an HMO or managed care, more money is going to be available for reimbursement to hospitals or to physicians than if you stay in this current system where you choose your own doctor or hospital. So essentially seniors get pushed, if you will, into the HMO's, into the managed care systems, because that is where the money is.

The second thing that I mentioned is this existing protections against balanced billing. Under current law, seniors are protected from balanced billing, in other words, where the doctors want to charge more than what Medicare provides, and the same with hospitals. Hospitals under current law may not charge seniors one penny more than their allowed fee. Doctors may not charge beneficiaries more than 50 percent above the fee that Medicare pays.

But what they are essentially doing under the Republican plan that is proposed is that doctors and hospitals could charge seniors any amount they want for Medicare services if the senior stays in the traditional fee for service system. So if you want a choice of doctor and hospitals, and you stay in the traditional system, then they can charge you whatever they want over and above Medicare. If you move into the managed care and the HMO, that would not be the case, but again, one more incentive to move to managed care, to HMO, where you do not have your choice of hospital or physician.

The last thing, as I said, under current Medicare law there is guaranteed coverage of all Medicare benefits for the premiums, and so if you know you are in Medicare you get certain benefits under the law. But all of a sudden the Republicans have come up with a new idea called medical savings accounts, and what this does is, this is an untested idea, MSA's, essentially what we are doing here is using senior citizens as guinea pigs for this untried new proposal. Under the Medicare savings accounts proposals, the voucher——

Mr. KINGSTON. Will the gentleman yield?

Mr. PALLONE. My time is limited. I have to go with the time I have. I am sorry, I cannot yield.

Under the medical savings accounts proposal, basically you are going to get a Medicaid voucher that could be used to buy a catastrophic health insurance policy with a high deductible, it might be as high as $10,000. Any difference between the cost of that policy and the voucher amount would be placed in a tax-favored medical savings account. So if you just want to use your Medicare money, if you will, or a voucher, to have a high deductible account, you can do that. But then if you get sick, of course, you have to pay that out of pocket.

But the problem is that only the healthiest and the wealthiest seniors could afford to gamble with this kind of high deductible policy. Those individuals who buy the MSA's, the healthier and wealthier people, will be outside the traditional pool, so we believe the average cots eventually of those remaining in Medicare would increase. Again, these are significant changes, I believe, and I think it is self-evident, in the Medicare program as we know it.

So that is what we are hearing from the Republicans. Again, they were talking about these proposals last year, and they are coming up again now in the context of the budget.

Let me talk about the changes in the Medicaid program, the program that is

primarily for low income individuals. Right now 36 million Americans receive Medicaid Benefits. Twenty-six million of them are poor children and adults. But, again, when you talk about Medicaid, the majority of the money is spent on nursing home coverage for senior citizens.

So I want seniors to understand that even though Medicaid is for low income seniors, most of the money goes to pay for nursing home care for seniors, many of whom have spent the amount of money they saved for nursing home coverage and then have to go on to what we call Medicaid coverage to pay for the nursing home care.

What we are concerned about here is when you block grant Medicaid under the Republican proposal, and you basically leave it up to the States to decide what to do, large groups of seniors citizens may no longer be eligible for nursing home care, or, if they are eligible for nursing home care, the level of services that is going to be provided to them under Medicaid will be significantly reduced.

Basically states could opt to drop the number of patients they cover, which would cause the number of uninsured Americans to swell, and, if that happens, the Urban Institute predicts that 4 to 9 million Americans will lose health insurance coverage, and every American could feel the effect of these cuts as states are forced to raise other taxes or as insurance companies raise premiums to make up for the increased costs.

So essentially what we are saying is even though you might say to yourself, what does it matter to me if low income people are no longer eligible for Medicaid, it does not have any impact on me, but it could easily have impact if states decide to continue coverage for those individuals because they feel an obligation to, and, therefore, you state taxes or other taxes could rise as a result of the fact that there is a shortfall in the Federal dollars.

I just wanted to read a quote, if I could, because I thought it was such a good one, from the Washington Post back in December, December 12 of last year, when this whole battle over Medicaid was on the floor of the House and was being considered for the last time in a significant way.

What the Post said, on Tuesday, December 12, about the Medicaid block grant, they said:

> The Republicans want to go to a system of block grants, cut projected Federal spending sharply, cut what the States must put up to get their Federal funds, and largely let the States decide how and on whom the money will be spent. This would pretty well eliminate the Federal guarantee that the needy, young, and elderly could count on a certain level of care. Medicaid is not just a major Federal cost and major source of aid to state and local governments. It is an insurer of last resort in the health care system. Medicaid needs to be preserved to protect the vulnerable. The alternative is even more people uninsured. The poor, the States and hospitals and other institutions that serve the poor would all be stranded. This fight is not just about the Federal budget and the Federal role. It is about that.

I need to stress that, Mr. Speaker. We are not just talking about the budget here. I bristle every time I hear that Medicare and Medicaid have become the subject of the battle over the Federal budget, because the bottom line is that this whole Republican proposal to cut Medicare and Medicaid is strictly budget-driven. They are not out to preserve and protect Medicare and Medicaid, they are trying to save money, and they are trying to save money primarily to pay for these tax breaks for wealthy Americans.

I believe very strongly that the whole Medicare and Medicaid debate and any changes to it, any changes to those programs, should be considered outside of the whole budget debate and should be considered separately, but they are not. The Republican leadership constantly brings it up in the context of the budget debate.

I see that my colleague from Ohio, is here and I would certainly like to yield to him.

Mr. KINGSTON. Did the gentleman find some time now to yield, now that we are yielding?

Mr. PALLONE. You have your time on the Republican side of the aisle, after I am done.

Mr. KINGSTON. I will be happy to yield back to you.

Mr. PALLONE. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Speaker, I appreciate the leadership the gentleman has shown in this issue, not just this year but last year. This is sort of ''There you go again with the Gingrich budget,'' or ''The same old song,'' or whatever that we saw in 1995, last year, we saw the same kind of budget, Medicare cuts, Medicaid cuts, student loan cuts, cuts in environmental protection and environmental laws, all in order to pay for tax breaks for the richest people in the country.

Clearly with this budget, it is simply not much different this year than last year. Last year the American people rose up and said no to Medicare tax cuts for the wealthy, no to Medicaid cuts and student loan cuts of $5 billion in order to give tax breaks to the wealthy, and this year the Gingrich crowd, Gingrich extremists, are basically doing the same thing, trying to sneak in the back door while some of these other issues are going on, trying to sneak in the back door in making these cuts so they can give major tax breaks to the wealthiest people in the country.

The real key I think is what you said, Mr. PALLONE, that they talk out of both sides of their mouth. Speaker GINGRICH himself said that we are trying to save Medicare, yet a year ago, some 6 or 8 months ago, speaking to a group of insurance executives, who stand to make a whole lot of money under the Gingrich Medicare plan, he said, ''We do not get rid of Medicare in round 1 because we do not think that is politically smart.''

Then he goes on to say, ''We believe under our plan Medicare is going to wither on the vine.'' That is clearly what he thinks about it.

Then the Speaker says, ''We are going to save Medicare. This plan is to save Medicare.'' Obviously it is not. This plan is to weaken Medicare, because he did not believe in it in the first place. As you said, the same with the Senator DOLE, that he saw the same thing, that he was against Medicare 30 years ago as a young House Member, and now that he voted against it then, he led the fight then, he does not want to see that kind of thing happen today.

ANNOUNCEMENT OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). The Chair would remind all Members that remarks in debate may not include personal references to Members of the Senate.

□ 2300

Mr. BROWN of Ohio. Mr. Speaker, does that mean I cannot mention Speaker GINGRICH?

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Members of the Senate.

Mr. BROWN of Ohio. Mr. Speaker, I apologize for that.

At the time about 30 years ago, then Congressman DOLE said that Congress——

Mr. KINGSTON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from New Jersey [Mr. PALLONE] yield for a parliamentary inquiry?

Mr. PALLONE. I do not, Mr. Speaker. We are just doing special orders. There is no parliamentary inquiry.

Mr. BROWN of Ohio. I would say compliments to Mr. PALLONE on his leadership, not just last year but it seems that we are having the same debate this year. Last year the voters said no to the Gingrich plan of Medicare cuts and Medicaid cuts and draconian student loan cuts in order to give a tax break to the wealthy.

This year it is the same old song. It is coming back saying let us do it again. Last year, Speaker GINGRICH shut the Government down in order to try to get his Medicaid cuts and Medicare cuts and student loan cuts and weakening environmental laws in order to give tax breaks to the rich. He shut down the Government trying to get his way, and clearly the voters and the people of this country said that is not the way it ought to be. He gave up and now he is trying it again.

I cannot believe that we are going to have to go through this same debate. I hope that Speaker GINGRICH is not going to go so far this year that he threatens a Government shutdown to make Medicare wither on the vine and in order to get Medicare and Medicaid

and student loan cuts, because clearly the country does not want to see this health care program—30 years ago, 50 percent of the elderly in this country had no health insurance. Today, only 1 or 2 percent have no health insurance. It has been a success.

We have to get costs under control, but we do not let the program wither on the vine. And on student loan cuts, it makes no sense because we as a nation have to compete globally. We cannot see middle-class students charged $5,000 per student more for a 4-year college education in order for Speaker GINGRICH to take that money from the cuts in student loans and giving it to tax breaks for the rich. It is not to balance the budget, but to give tax breaks to the wealthiest people in the country.

Mr. PALLONE, I applaud your work in opposing this budget rerun as we had a year ago that ended up in a Government shutdown trying to get tax breaks for the richest Americans and gutting the programs that matter to our parents and grandparents and to students.

Mr. PALLONE. I thank the gentleman from Ohio [Mr. BROWN] for joining in this debate tonight. If I could just inquire, because of the way the time was split, we have approximately 15 minutes left?

The SPEAKER pro tempore. Yes.

Mr. PALLONE. OK. Thank you, Mr. Speaker. I wanted to, if I could, comment on a couple of things that the gentleman from Ohio said, because I think they are really crucial. One is this concern that you have, which is extremely legitimate, over the fact that the number of uninsured, the number of people that have no insurance in this country continues to rise.

We know that that was one of the major reasons why President Clinton sought to address the health care crisis, if you will, in the last Congress because the number of people that have no health insurance in this country, and we are talking about all kinds of people, primarily working people, continues to go up.

One of the impacts, if you will, of cuts in Medicaid, is that the number of uninsured will go up even more so because Medicaid traditionally, and really progressively over the last 20 years, has been expanded to cover more and more people. One of the major concerns that I have about this Republican proposal that was unveiled today is that by discouraging the States essentially from matching, actually, I think not even allowing them or not expecting them, I should say to match the Federal Medicaid dollars to a 50–50 basis, what you do is actually have the amount of money that is spent on Medicaid decreased significantly, Federal and State dollars.

That is going to mean that a lot of children and elderly who are now insured and covered by Medicaid will not be covered anymore, and therefore will increase the ranks of the uninsured. I yield again to the gentleman.

Mr. BROWN of Ohio. Medicaid cuts across a broad section of people. It is poor children. It is also the elderly in nursing homes and it is also hospitals similar to the one I visited in Cleveland some months ago called Health Hill Hospital. It is a hospital where young people typically from under 18, not young children, who have been in a car accident or had some major traumatic injury, often head injuries, and their medical bills are $5,000 or $10,000 a month. They are often from middle-class families, but no middle-class family can pay that kind of medical cost, nor does their insurance very often cover that for more than a few months or a year or so.

It is things like that that can happen to all kinds of middle-class families and those major cuts in the Medicare for the elderly and Medicaid for so many others are so troublesome. But it is not just the dollars with Medicaid, it is also from the Gingrich plan last year in Medicaid. It took away the standards for nursing homes that President Reagan and the Congress in the mid-1980s enacted in response to oversedation of nursing home patients, in response to problems of safety in nursing homes where some older people were either, as I said, oversedated or restrained in their beds, and it took away these standards that both parties agreed to in the 1980s. And that is what is so troublesome.

There is consensus that Medicare and Medicaid makes sense for almost all of the American people. Almost all of us agree to that, both parties in the 1980's and both parties in the 1970's and both parties in the 1960's when they were created. Yet today this extreme Gingrich faction that is running this Congress says we want to not only cut these programs and let them wither on the vine; we want to take away the safety standards in nursing homes that mean so much to older people to make their lives a little better in the last 1 or 2 or 5 or 10 years of their lives and to take away the protection that people that your age, Mr. PALLONE, and my age have if our parents are in nursing homes that we will not go bankrupt in order to keep them in a nursing home to do that, or that we will not have to choose between do I put my mom and dad in a nursing home or do I pay for a children's education? Particularly with the student loan cuts.

To put Americans in that position where 40 or 50-year-old adults have to make choices between their parents or their children or where the protection is taken away, if in 20 years or so or 30 or 40 years I have to put my wife, or I would have to go in a nursing home, would my wife not even be able to live in the house that we live in at present? That sort of situation simply does not make sense.

Surely, again, we have to get these costs under control, but we do not let these programs wither on the vine and we do not take away this health care system that has worked for so many people in this country and today their lives are better. People that paid their taxes and raised their children and played by the rules and signed a covenant, they expect after paying into Medicare all of these years that they will have that health program for themselves and their family.

Yet Speaker GINGRICH want its to wither on the vine and not see that program anymore. I do not think it makes any sense. I do not understand why they want to rerun this debate that clearly the American people rejected in 1995 and are going to reject this year as long as people know about it and they cannot sneak it in the back-door.

Mr. PALLONE. Exactly. I just wanted to point to two surveys that were done, one involving the Medicaid safety net for children and the other for nursing homes. And just very quickly this is from an article that was in the Washington Post last November that says, ''Medicaid safety net for children could be imperiled.'' It was a report by the Journal of the American Medical Assocation. It said, ''From 1992 to 1993, an estimated 3 million children lost private health insurance as people lost jobs or employers stopped providing health insurance.''

But until now, increases in Medicaid coverage resulting from past legislation, congressional legislation, that broadened eligibility under Medicaid basically offset the fact that a lot of people lost their jobs and their children are no longer covered by health insurance. For example, they said that in 1988, 66 percent of all children under age 18 had health insurance based on the employment of a family member and 16 percent were covered by Medicaid, but in 1994, the share with employer base health insurance had propped to 59 percent and the Medicaid to 26 percent. So even though people were losing health care coverage for their children because they were losing their jobs in the last five or 6 years, because of the expansion of Medicaid coverage for children under Federal guaranteed entitlement status. Most of those children continued to be covered by health insurance under Medicaid, but now if we block grant this to the States that will not be the case anymore.

Another study, this is from the New York Times back in November 1995, that pointed out how the Republican budget would create a shortage of nursing home beds for the elderly, and it says an array of advocates are warning that the Republican budget would put extraordinary strains on the Nation's patchwork system for paying for nursing homes. The chief threat comes from the Republican cuts to Medicaid. Critics say the changes proposed by the Republicans could diminish the availability of nursing home beds for all but the richest Americans, as well as its quality of care within those institutions and the amount of assistance available for care at the nursing home

and would come apart when the over 85 population is projected to grow by 40 percent.

Again, the same way the number of children who did not have private health insurance was growing, the number of seniors who need nursing home beds is growing, and here we are at the time when these populations and needs are growing and those people would become uninsured and not have coverage. We are talking about block granting and providing less money to the States for the very coverage where there is more need. What you are pointing out is exactly on point.

The other thing that I wanted to mention that you talked about is this whole notion that somehow the Republicans, GINGRICH and the others, are saying what we are really doing here is protecting Medicare because it is going to go insolvent and so we have to implement these cuts in order to make Medicare solvent 5 or 6 years from now.

Again, I would say nothing could be further from the truth. I mean, these cuts are not being implemented in order to protect Medicare. These cuts are being implemented to give the tax breaks for the wealthy. And the President in his budget resolution, in his budget that he proposed earlier this year, guarantees the life of the Medicare Trust Fund for at least a decade. His budget proves that the Republican Medicare cuts, the damaging changes that we have talked about, are not necessary to balance the budget. There is over $120 billion remaining in the trust fund and there is no imminent danger that claims will not be paid. And although the trust fund did not perform as well as projected in 1995, the difference between the actual and projected performance was within the typical margin of error and has been incorporated into budget projections.

Every year minor adjustments were made to make sure that the trust fund would remain solvent for the next decade. Democrats continued to do that. The President did that back in 1993. His health care reform would have expanded the life of the trust fund significantly. This is just an excuse, and I know you mentioned that. And I would not be surprised if our colleagues on the other side are going to suggest this again later tonight, that somehow GINGRICH and they are protecting the trust fund from insolvency. It is not true.

Mr. BROWN of Ohio. It is so important that Americans not be fooled by GINGRICH saying that we just want to protect Medicare by the next round of speakers trotting out their articles from conservative, generally pro-Republican newspapers, saying they just want to protect, whether it is the Washington Post or the Washington Times, that typically support the Republican agenda, the Wall Street Journal, to say that we are just trying to save Medicare. The Medicare cuts are for tax breaks for the wealthy, as have you said over and over, Mr. PALLONE, and as the voters clearly, and the public clearly understands from last year, when GINGRICH tried to do this before.

And it is clear that the Gingrich crowd here, the far right of the Republican Party that has supported all of this and pushed all of this, they have never believed in Medicare. They voted against it 30 years ago. Last fall the presumptive nominee of Speaker GINGRICH's party has said, ''I was fighting the fight 30 years ago because we knew Medicare would not work.'' Speaker GINGRICH last fall himself said, ''We just want it to wither on the vine. We cannot politically afford to get rid of it in round one, because the public will not stand for it.''

They have never cared about Medicare. They voted against Medicare for 30 years, most not the middle of the Republican Party. But because that was the consensus, that Democrats and Republicans alike realized that the public supports Medicare, because that far right of the Republican Party that Speaker GINGRICH is so close to and that really runs things, and particularly the freshmen, all of them have clearly shown their opposition to Medicare year after year after year after year and that part of the party clearly does not support it.

They still do not support it. They will trot out newspaper articles showing how responsible they are, but it is obviously tax breaks for the rich and watch Medicare wither on the vine. That is what they are about. That is what they want to do.

They have a Washington Post article they will use, a newspaper that supported the Gingrich agenda time after time. It has a reputation of once being a more moderate paper with an editorial board made up of people that are conservative and do not support these programs, but representing the far right of that party.

Speaker GINGRICH's comments about Medicare that he wants to see it ''wither on the vine'' and ''it is tax breaks for the rich'' tell the whole story. They are simply not interested in saving this program but in gutting this program and in seeing it wither away.

Mr. PALLONE. I agree. I know our time is almost over here, but again if it were really true that they were concerned about the Medicare program, they would deal with it separately from the budget. They would not use the cuts in Medicare and Medicaid as a reason, if you will, or as the basis for these tax breaks that are provided in this new budget that they are trotting out. And even more important, they would not make the changes, the substantive changes in the Medicare program and the Medicaid program that we talked about this evening.

What they are doing is trying to push seniors into managed care, to deny them the choice of their doctors or their hospitals. They are including these balanced billed provisions that will force seniors to pay more out of pocket for the health care. All of these major structural changes in Medicare are being implemented and those are being done under the aegis or with the excuse that somehow they are trying to preserve Medicare as we continue, and it is just the opposite.

□ 2315

Mr. BROWN of Ohio. The medical savings accounts that the Speaker has extolled, the virtues, over and over and over again, as an idea of a big insurance company, major contributors to the Speaker that salivate over the prospect of getting to write all this insurance for a Medicare program that is withering on the vine. It means major income to them, major costs to senior citizens to pay for a tax break for the wealthy.

Mr. PALLONE. In fact, the Congressional Budget Office has clearly indicated that medical savings accounts will actually cost more money to the Federal Government. So if you are talking about trying to save money, that clearly is not the way to go.

I want to thank the gentleman again for being here tonight.

THE REPUBLICAN BUDGET

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under the Speaker's announced policy of May 12, 1995, the gentleman from Georgia [Mr. KINGSTON] is recognized for the balance of the time remaining before midnight as the designee of the majority leader.

Mr. KINGSTON. Mr. Speaker, I want to say to my friend from Ohio over here that if the Washington Post is a conservative newspaper, then the Grateful Dead is a country and western band.

I also, in fact, before he leaves, I was going to ask Mr. PALLONE about one of these quotes that I had because I thought this was interesting, April 24, ''well, let me tell you, Members, that this trust fund is not broke.'' I cannot believe that a Member of the House would say that, contrary to all the evidence. But it is interesting.

I want to make this point because I asked our Democrat colleagues three times if they would yield, three times was denied, and one reason that I think my good friends would not yield any time is they wanted to have free rein of one of their most specious mistruths that I hear them say. That is the quote that the Speaker said that Medicare was going to wither on the vine, when they know, because we have pointed out to them that that was in reference to HCFA, the Health Care Financing Administration in Washington, and that the Democrat Party has notoriously and maliciously misconstrued that quote.

The reason why they would not yield time is because it is easy to run your mouth about something or talk about something when there is no one there to challenge you. If either one of them wanted to come to the floor right now and debate this, I control the time, I

will be happy to yield to them so that they can talk about it. But otherwise, Democrats can continue to throw softballs back and forth to each other. Then Republicans can come down here and throw softballs back and forth to each other. And do you know who loses? The American people.

I think it is much better to have a truthful and honest dialogue than just this one-sided aren't we great, let's polish off our halos, let's convince the C–SPAN audience. As long as you are here, I will yield time to my friend, Mrs. SEASTRAND from California, and the gentleman from Maryland, Mr. EHRLICH. We are going to talk about this.

Let me yield to the gentlewoman from California [Mrs. SEASTRAND].

Mrs. SEASTRAND. I just wanted to say, you have the quote of our colleague who has just spoken and he mentioned that it was the Washington Post, that the Washington Post was favorable to Republicans. I just would say, I have some quotes here from the New York Times and also from the Santa Barbara News Press, which is owned by the New York Times.

I would like to point out, the Santa Barbara News Press did not endorse my candidacy for Congress. The point is that new government data, this is February 5, 1996, New York Times, it says, new government data show Medicare's hospital insurance trust fund lost money last year for the first time since 1972, suggesting that the financial condition of the Medicare program was worse than assumed by either Congress or the Clinton administration.

And I have here a clipping from the Santa Barbara News Press, owned by the New York Times, that says, big, bold letters, Medicare trust fund loses $4 billion, Clinton administration downplays apparent miscalculations, but new data certain to fuel high stakes political debate over the solvency.

Mr. KINGSTON. I have two other sources that confirm the same thing. Here is the Washington Post, that great conservative newspaper which has endorsed every Democrat who has run for office for the President since the paper's existence, but it says here, Medicare is nearer to the red, that the Clinton trustee, who last April 3 predicted it was going to go bankrupt in 2 years, miscalculated. And then this other chart shows what the actual trust funds are for the fiscal year 1996, right now losing over $4 billion, $4.2 billion, year to date. This chart is actually as of April 23, 1996, this comes from the New York Times, which, again, is not any kind of a conservative propaganda sheet by anybody's stretch. But this is fact. And what is so amazing is we still have the Democrat party and leadership in absolute denial.

Mr. EHRLICH. Mr. Speaker, if the gentleman will yield, it is a pleasure to participate in special orders with the gentleman from Georgia and the gentlewoman from California. We had a great special order last week.

I have to tell you, just as observation as a freshman coming here from the State legislature, 8 years in Annapolis, where obviously C–SPAN does not televise the proceedings and the parties do not fight like this and the PAC's are not there and the high stakes are not there, but I have to tell you, the debate in Annapolis was so honest. People dealt with facts.

My best friends in the committee I sat on in the State legislature were people who did not agree with myself philosophically, but we would fight over facts and then would go out and have lunch.

I come here and I watch episodes like we just observed and it is really interesting. I guess my question to you is a rhetorical question.

Why cannot folks on the other side simply debate with respect to facts? Why can they not say, look, EHRLICH, look at you Republicans, Medicare should increase 10 percent a year. If it grows 7 percent a year, it is not good enough. At least they would be intellectually honest. We could have a real give and take.

I suspect the fact you were not allowed into the conversation, no time was yielded to you, was they know that is the case. They know a 7-percent increase per year, as the Republican budget proposal proposed, is no cut.

But look at the terminology, look at the words they use. And you just saw a great example of it here. The half-truths, the innuendo, the term ''extremist,'' one of my favorite terms these days. I guess an extremist is in this House these days those who come to Washington with a philosophical orientation who believe certain things, who have principles and who do not compromise those principles but actually believe that Members of Congress should bring those principles on this floor.

Of course, compromise is part of the political game. We all know that. But you have fundamental beliefs and principles that should drive you as an adult politician and we are adult politicians. It is a great honor to stand here tonight and talk to the American people, but why do they have to turn to the rhetoric, the half-truths and the innuendo every time.

Mr. KINGSTON. let us look at this, because here we have a trust fund that has lost $4.2 billion a year to date on Medicare. Here we have the Clinton appointed Medicare trustees last April saying that it would be broke in 6 years. Then what do we have? We have the minority Democrat leader, DICK GEPHARDT, saying, the Republicans are saying this because the report will have solvency problems that there is a great emergency, this is a hoax.

That was said on Meet the Press, July 30, 1995. Another one, great DICK GEPHARDT again: It is a big lie to say that Medicare is in trouble.

These are people who are paid $134,000 a year. They ought to know what the truth is.

Mr. Speaker, on the time, I did not get that courtesy from our Democrats who just spoke, but I offered them some of our time to defend this statement.

Let me tell Members that this trust fund is not broke.

Well, let me tell the gentleman who just spoke, here is the chart. I do not know what you call it when you have more money going out than you do coming in. But back home on Main Street America, when that happens to American families, that is called going broke.

Mrs. SEASTRAND. I guess this is just proof that the Members from the other side of the aisle have been in control of this House for 40 years, and we are now suffering the consequences of those 40 years with a $5 trillion debt. I guess it is just telling us that perhaps it is their misunderstanding of how you take money in and you only spend what you have, and I guess it is the old standby that that is why we are in trouble because they just do not get it. We were spending more than we were taking in. I think this is just a proof of it.

If the gentleman does not understand that 4.2 billion is a trust fund in trouble, then that explains 40 years of recklessness in this House.

Mr. EHRLICH. Mr. Speaker, I really have a caveat to your observation because these folks are obviously very intelligent. I am not sure it is a misunderstanding. I think it is an understanding. What they understand is, if you go to this floor often enough and use quotes out of context and use words like extremist and use arguments that are not based in fact, but if you repeat those arguments time and time and time and time again, every night, on TV, on radio, on the floor of this House, some people will buy your argument. Some people will. They understand that. I really think that is a logical extension of your remarks.

Mr. KINGSTON. On our truth meter here tonight I have three lies real quickly. Two we have dealt with. One is misconstruing the Speaker's quote, which was an outright deliberate misrepresentation, a lie, as we would say back home. No. 2, saying that a fund that is losing money does not have financial problems. Then No. 3, saying that the new Republican budget cuts Medicare, when the Republican budget that has just been introduced this year actually increases Medicare spending from, and I have the exact number with me, it goes up to $305 billion from $190 billion.

So here the Republican budget increases Medicare spending from 190 to 305 billion and we have heard people as recently as 20 minutes ago saying this is a cut.

Mrs. SEASTRAND. That is almost a 70 percent increase.

Mr. KINGSTON. We are going from about $5,000 per individual.

I notice that the gentlewoman from California has a beautiful picture of her mother there.

Mrs. SEASTRAND. I decided to bring a picture of my mom because I sometimes think that people think that we on this side of the aisle were hatched. We have moms. We have dads. We have grandparents. We have children. And we are concerned.

I just grabbed my mom's picture because I was listening to the working in my office and listening to the debate or I should say the discussion earlier this evening. I could not believe my ears. I just grabbed a picture of mom to say that this is my mom, and she desperately depends on Medicare. She is concerned about what is happening on the House floor and what is going to happen with the President. Are we going to save Medicare?

I just brought down a picture of Mom so that we can take a look at her while we will have this discussion.

Mr. KINGSTON. For Mother's Day you can tell her that the Republican proposal for Medicare increases her benefits from $5,000 to $7,000 and saves the fund from going broke by giving her more options. Those options, as we all know, put more competition in there, give your mother a little bit more to choose from than a Blue Cross, Blue Shield policy.

Mr. EHRLICH. Mr. Speaker, just one observation, I think, forms that background for this discussion. Short-term political calculations have ruled this House.

By the way, it is a bipartisan. Republicans have made their share of mistakes, we all know that. But short-term political calculations have ruled this House for decades. By that I mean, let us not tell the American people the facts. Let us hide the deficit. Let us hide the problems of Medicare.

If we just repeat what people want to hear rather than the truth, we will get reelected. Of course, traditionally that is the way you get reelected. It is so refreshing to be with folks who have come to Congress in the last year and a half, some on the other side of the aisle, relatively few, who are willing to tell the truth to the American people because in my view, that is what defines leaders.

I do not think it takes any particular talent to be a politician. Any of us can go hire a pollster, read the poll results and tell people what they want to hear. There is no particular talent in doing that. But to have the courage of your convictions, to have principle, to have political guts to go tell the American people, look, folks, we have to do something, your mother depends on Medicare. Your mother wants to hear the truth. Your mother want to hear a party with ideas, a party with a plan to save Medicare.

□ 2330

They do not want to hear fear and fear and fear mixed with a little generational warfare, a little class welfare. ''Let's scare some of the seniors. Let's scare some of the folks at the lower end of the economic scale. Let's talk about the rich people.''

I would love for them to define rich one day. That defines politicians. What defines leaders in my view are folks with principles and ideals, willing to bring their case to the American people. That is why it is fun to be with the Members here tonight.

Mr. FOX of Pennsylvania. If the gentleman will yield, I first want to thank the gentleman from Georgia [Mr. KINGSTON] for having this special order and taking the time to speak out on these important issues along with the gentlewoman from California [Mrs. SEASTRAND] and the gentleman from Maryland [Mr. EHRLICH]. Your points are well taken tonight that you have made about Medicare.

The Republican Party has led the way in making sure that we roll back the 1993 unfair Social Security tax. The same party, the Republicans, also allow seniors to earn more than $11,280, actually up to $30,000 over the next 5 years. The same Republican Party is also looking out for seniors on Medicare. We want to make sure that there is more money there for health care services.

What we have done in our proposal which is not yet the law is going to make sure we remove $30 million in fraud, waste and abuse. It is also going to make sure that medical education for interns and residents, the indirect costs, is on a line item that is protected but not part of Medicare because we need health care for seniors, it just goes to seniors. Also reducing our paperwork costs from 12 percent to 2 percent. All of those things that we have been working for will make sure that Medicare will be solvent, protected and expanded for this generation of seniors and the ones to follow.

Mr. EHRLICH. If the gentleman will yield for a question, I agree with everything you said but you just took about a minute and a half to lay out principles, facts and bills and proposed statutes.

Our problem is, though, that is a poor soundbite. You just talked about facts, about real bills. Is it not easier to scare the American people, to use fear as a political weapon? To say, ''Those people want to cut Medicare''? Boom. Three seconds. It is tough, is it not?

Mr. FOX of Pennsylvania. That has been our problem up till now, but I think by having this special order that the gentleman from Georgia [Mr. KINGSTON] has reserved for tonight and by bringing together I think some of the sharpest minds we have in Congress like yourself and the gentlewoman from California we are able to hopefully get the message out that we are trying to take the extra time, the extra effort to explain what is happening and the fact that we need the American people's support to make sure this proposal is in fact passed.

Mrs. SEASTRAND. If the gentleman will yield, you commented about you would hope that one day they would define rich. I served in the State assembly in California. When we talked about giving the working family, the taxpayer out there, Dad and Mom, a tax break, we would hear the same cries from the floor of the assembly. I just have a feeling that you probably heard it in your service to your State about the rich.

I would like to quote the gentleman from Missouri [Mr. GEPHARDT], the House minority leader, in a press statement made on May 7. I quote, and we heard it earlier from the colleagues that preceded us.

''But the Republicans thought it was better to lavish more tax cuts on their wealthy special interest supporters.''

You had asked, can we define rich? I would like to run through some of those rich, wealthy special interest supporters that I voted for and that you voted for, some of the things that we want to see for them.

How about taxpayers with income below $100,000? Eighty percent of the GOP tax cuts go to people making less than $100,000 while 61 percent to those earning between $30,000 and $75,000.

How about the small business owner? That is what makes up the majority of jobs on the central coast of California. We have a pro-job, capital gains tax relief that will affect middle-class business owners.

There was an IRS analysis of 1993 tax returns, and that analysis found that 77 percent of tax returns reporting capital gains were filed by taxpayers with incomes less than $75,000. Again, maybe that is rich to some people. Families with children. The $500 tax credit per child applies to families with incomes below $110,000, and that is joint return, or $75,000 single.

Or how about married couples who claim the standard deduction, mostly those with incomes less than $50,000. Our tax package corrects the current problem of a married couple filing jointly who pay more in taxes than if they were unmarried and filing separately.

We hear a lot about the destruction of the family and we want to help families. Again, maybe this is their definition of rich, married couples who are making less than $50,000.

The other two, families who want to adopt a child. Families with incomes below $75,000 would qualify for the maximum credit of $5,000 to defray adoption expenses. Last, families who care for their elderly parent at home, they would receive a $1,000 elder care deduction. So I rest my case. Those are the rich that the other side of the aisle talk about all the time.

Mr. KINGSTON. I think it is also important to note that just about everybody in working America buys gasoline and we have a President who has bragged about, ''I feel your pain.'' I believe he feels people's gas pain, too, because he caused it, with an additional 4 cents per gallon gas tax. Every time you fill up with 10 gallons, you pay 40 cents more because of the 1993 Bill Clinton gas tax.

I represent a rural area. Folks have to drive a long way to get places. It

hurts them disproportionately. I know out west people are hurt disproportionately. Working people, the people with lower incomes, have a higher percentage hit. This is a 30 percent gas tax increase. The average gas tax right now per gallon is 38 cents. That is the combination of Federal and State. Are we saying now that only wealthy people buy gas?

Mrs. SEASTRAND. If the gentleman will yield, George Stephanopoulos was in Santa Barbara this last weekend. He admitted that he really does not fully understand this situation because he only lives a few blocks from the office, the White House.

Those that live here on Capitol Hill and work here in the administration obviously do not understand what our folks in our rural areas of the world have to do. They have to drive a distance, from work to their home, or to the grocery store, or to the gas station. In some instances they make a 100-mile round trip and maybe more. Yet that was quite an interesting comment because they just do not get it here in Washington, D.C. about how all the rest of us live.

Mr. KINGSTON. It is a complex problem, buying gas. I could see why Mr. Stephanopoulos could not follow it. ''You mean people actually fill up the gas tank and drive to work?''

That would be revolutionary over there on Pennsylvania Avenue.

Mr. EHRLICH. If the gentleman would yield, this is coming from a man who said about this President, for this President, ''Words are actions,'' which is an interesting thing to say when you think about it. Because words are not actions. Words are cheap. Words are really cheap in this town.

It is really nice and a pleasure to serve with people for whom words have meaning. Candidate Bill Clinton, 1992. ''I oppose Federal excise gas tax increases.''

Words should have meanings. I want to debate those folks on the other side with respect to words and facts, because words should have meanings. The reason people are so skeptical and cynical about politics and about this floor and about this institution is that they see comments like, for this President, ''Words are actions.'' Words should have ramifications, words should have meanings, even in an election year, even in this town, even on this hill.

Mr. FOX of Pennsylvania. If the gentleman will yield, just as a corollary or an adjunct to what you are saying, in 1992 when the President ran, he said he wanted a middle class tax cut, to end welfare as we know it and a balanced budget amendment. We sent him all 3, he vetoed all 3. That goes right back to what you are talking about.

Mr. EHRLICH. Absolutely. Eloquent rhetoric. We all sat on this floor and watched the master politician. I hate being called a politician. I know you all hate it, too. Because politicians tell people what they want to hear. I know you three and I know a lot of people who sit in these chairs every day do not tell people what they want to hear, they tell people what they believe and what they think is best for the future of the country. As I have said earlier, that distinguishes politicians from leaders. Leaders lead. Politicians hire pollsters to tell them what they think the American people want to hear.

Mr. KINGSTON. Another great example of this is the minimum wage. It sounds great. ''Let's give people 90 cents an hour more. It won't hurt them.''

Yet if you look at what an increase in the minimum wage has done over the last increases, it decreases the number of jobs that are out there. This will cost Americans over 250,000 jobs. There are some interesting statistics on the minimum wage when we look at it.

Only 2 percent of the people get minimum wage over 30 years old on an average. Thirty-nine percent of the people making minimum wage are teenagers. Sixty-six percent of the people making minimum wage are part-time workers. And on an average, an employee who starts at minimum wage today, in one year has a salary of $6.05 an hour.

When you look at this and think that if you increase the minimum wage, you eliminate the number of jobs, you are going to increase the cost of groceries or services, goods and whatever it is that the retail stores sell, it is not a winner for the taxpayer, it is not good for the job seeker, it is not good for the teenager, it is not good for the employees, and it is not good for middle class America. Even though it is politically expedient to say, ''Yeah, let's give them a raise.''

But the thing is, we have offered a gas tax cut, $500 per child tax credit, lower taxes on income taxes and things like this. You can put more real dollars in the pockets of American workers without expanding the size of government and government mandates.

Mr. EHRLICH. If the gentleman would yield for a brief moment, words are cheap. Words mean nothing. Bill Clinton, February 6, 1993.

Raising the minimum wage is the wrong way to raise the incomes of low-wage earners.

Should the American people not get to believe what politicians say at some time? Or are we just going to allow pollsters and poll-driven politicians to drive the agenda in this country so that short-term political calculations that get you elected contribute to the $5 trillion in debt we suffer from in this country and the inability of this Congress to show the political guts to dive head-on into the real problems facing the society today. Is that not what leadership is all about?

Mrs. SEASTRAND. If the gentleman will yield, I would like to quote also that famous quote at the fund-raising dinner that the President stated on October 17 where he said, ''I think I raised your taxes too much, also.''

I want to remind the gentleman here that as of yesterday, working families across this Nation are going to be providing for their own needs. Prior to yesterday, they worked for government, whether it was the local entity of government, State government or the Federal Government. They now have the freedom to work for their home, to pay for their cars, to pay for their children's education, for their clothes and such.

Words are cheap. Because here we have the President admitting that he taxed Americans too much and yet we have to fight the battle to reduce taxes in this town.

Mr. KINGSTON. Wait a minute. I want to make sure I understand. You are saying that May 8 was Tax Freedom Day and you are saying from January 1 to May 8, that all the income earned in that period of time went to the government? Is that what you are saying?

Mrs. SEASTRAND. One hundred twenty-eight days.

Mr. KINGSTON. I thought that day was back in April. April 15. Why are we in May?

Mrs. SEASTRAND. The gentleman probably knows the answer to that. It is the fact that government is growing and taking more and more and with such increases, such as we saw in 1993 with the gas tax, and the other increases for many other programs here in Washington, DC.

This place represents Washington values and not the values of American families. But that is right. One hundred twenty-eight days, the average working man and woman work to pay for taxes at all levels of government. It is pretty amazing.

Mr. FOX of Pennsylvania. If the gentleman form Georgia will yield further, just to add to what the gentlewoman from California [Mrs. SEASTRAND] said, that is all the taxes that take it up to May 8. But adding up all the Federal, State and local regulations, you actually get into July before you start receiving a dollar you can keep.

I think what this 104th Congress has done, we have really, with the Republican majority, been able to derive some things that the gentleman from Maryland [Mr. EHRLICH] talked about earlier which will give us permanent change. We passed a balanced budget for the first time since 1969; we passed the line-item veto which is now the law so we can cut out pork-barrel legislation just to get Congressmen or Senators reelected; we ended unfunded mandates where we tell local governments, ''You have got to pay for this just because we passed a bill on to you''; and we passed regulatory reform. By doing that, we hope that Americans will be able to keep more of their paycheck instead of sending so much to Washington to go to more waste and programs that have already taken care of this.

□ 2345

Mr. KINGSTON. Are those things passed into law or are they sitting over in the Senate?

Mr. FOX of Pennsylvania. Well, the line-item veto was passed into law. The unfunded mandates, that is in the law. Regulatory reform is going to wait for the conference committee of the House and Senate. And balanced budget went to the President already twice, so I think the third time will be the charm and hopefully we will get the President to sign the balanced budget.

Mrs. SEASTRAND. If the gentleman would yield, we talk about taxes that we pay to May 8 and then talk about regulations that would cost us until July. The gentleman from Georgia was pointing out about the tax increase that all of us suffered as of 1993, and I just would say that if we repeal the gas tax and get that signed into law, we are going to save low- and middle-income families almost $70 a year. If we take a nationwide average, that is $48 in everyone's pocket by savings on what they are putting in the tank.

Mr. EHRLICH. If the gentlewoman would yield, here we are talking about for the most part, with the exception of the gas tax repeal, intangible benefits. Five trillion dollars in debt, does anyone know what that looks like? The regulatory burden that our small business folks suffer from, we pay for a good at the market or at the store but we do not think about the regulatory burden. It adds to the consumer price of the good, but we do not think about it.

Is it not always easier to run a 30-second attack ad? ''Those Republicans, the class warfare, they will not raise the minimum wage. They do not want to put a few more cents into your pocket.'' Never mind the folks, the marginal workers, minority workers, unskilled workers, disabled workers who will lose their jobs when we raise the minimum wage. They do not talk about that. Inconvenient. Bad sound bite.

How about the class warfare? It is very frustrating, although I am really personally not as frustrated. As I go back to my district on weekends and some weeknights and talk to folks, they get it. People are not stupid.

Seniors are not dumb. I refuse to believe that most seniors in this country buy what we just heard an hour ago. Seniors are the most sophisticated group in this population. Your mom is smart. My parents are smart. They know what is going on. They can read the newspaper. They can add the numbers up. They understand why we are in the fiscal crunch we are in.

And to run a campaign based on fear and fear alone, the gentlewoman from California just whispered to me before we went on the floor here. She said, where is their idea? Where is their plan?

Mrs. SEASTRAND. Where is the plan?

Mr. EHRLICH. There is no plan. It is fear. Fear wins elections. Class warfare wins elections. If they can get that woman making $18,000 a year to be jealous of that woman or that guy making $24,000 a year, guess what, they got a vote in the other column. Class warfare works.

Remember the speeches during the 1992 campaign? Well, that trickle down speech, that trickle down speech is capitalism. We are a capitalist society. We want people to have a piece of the American pie. We want to grow the American pie, not turn class against class, grandchildren against grandparents.

I cannot wake up every day and come to this House thinking that fear will dominate American politics and that class warfare will dominate American politics and that half truths will dominate American politics after the 1996 election.

Mrs. SEASTRAND. If the gentleman would yield, I do not know about you, but I get quite a few letters from seniors in the district, and they say, ''We know that there is a problem. Please fix it so that we can have something for our children and our grandchildren.'' You are right, our seniors are not dumb, and I think when they are presented with the facts, they understand.

Many of those seniors lived during the depression, my mom did, and went through some very hard times, and they do not want to really see those hard times for their grandchildren. They want to have the hopes and dreams, and you are right, we want to expand opportunities for everyone. We do not want to expand those bureaucracies, and we want to be honest with people to find honest solutions to problems that are facing us. But you are right, fear does sell for that quick fix before an election.

I am glad to stand here with gentlemen that want to face some hard polls sometimes. The figures do not always come out, but we have a job here to try and tell people why something may be bad policy, like the minimum wage, and how it is going to destroy jobs for the very people that we want to help.

The gentleman is right, fear does sell things, but in the long run, I am going to be able to face myself and look myself in the mirror if I can be honest and true with the American voters, honest and true with my mom and honest and true with the voters across America.

Mr. EHRLICH. If the gentlewoman would yield for just a second, I ask that the gentleman from Georgia throw that ''medigoguery'' article back up. I think too often as Republicans we get skittish and defensive about big-city newspapers who in a very real philosophical sense do not support us most of the time.

So when big-city newspapers, like the Washington Post and the Baltimore Sun papers and other major papers, the New York Times, around the country have the courage of their convictions to tell the American people the truth, like this editorial, I would ask the gentleman to read some of the pertinent parts of this editorial.

This is what those folks you heard an hour ago do not want the American people to hear, and I would yield to the gentleman from Georgia.

Mr. KINGSTON. Well, what this editorial had to do with was when we introduced our plan to save and protect Medicare and the Democrats started demagoguing it through fear because, as Mrs. SEASTRAND said, they had no plan of their own. So what this does is says the Democrats, what they are doing is pretty crummy stuff. They are engaged in demagoguery big time and it is wrong, and it goes on to say that the Republicans have a plan, the Democrats do not. The Republican plan is gutsy and the Democratic TV ads are just scare tactics.

I think the sad thing here is that we are in a debate right now where, frankly, neither side is gaining because neither side has credibility, because the American people hear us, they think well, they have a good point. Then they hear the Democrats, they say, well, I did not know that. After a while they do not know who to believe. That is why I was so disappointed tonight when the Democrats would not yield us time to have a dialogue, and I was further disappointed when we tried to yield time to them.

But we have to have a dialogue back and forth that puts America center stage, not Republicans and not Democrats but America, what is good for your mother, what is good for mine, and also what is good for my children and your children.

Let me yield to the gentleman from Pennsylvania [Mr. FOX], and I know we have to wrap it up.

Mr. FOX of Pennsylvania. One of the things we are also doing for seniors is to make sure with Social Security—we are the ones leading the charge, the Republican majority—to make sure that $358 billion owed to the Social Security Trust fund, through our line-item veto and other cost-cutting measures from real waste in the government, goes back and we make sure those funds are restored.

Prior congresses have taken money from the Social Security Trust Fund. We want to make sure it gets restored so the Social Security Trust Fund will forever be solvent and be working. We are also working to make sure there are in-home services for our seniors so they live longer, independent and at home before they have to go to any other skilled care. We are also working on that.

Seniors have done so much to make sure we have the opportunity to be here, and we appreciate their getting back to us about suggestions on making sure that we save some important programs but eliminate the waste and making sure the country truly gets its money's worth.

Mr. KINGSTON. I think we need to wrap it up.

Mrs. SEASTRAND. Well, I just would say it is a pleasure talking, and I guess we will have to be down here every evening trying to make the points and trying to tell the American people that

we sincerely want to preserve Medicare, to save it for our moms, our dads, our grandparents, and for our children who are depending on us to do so for the future.

□ 2353

It is a pleasure being with you this evening.

Mr. EHRLICH. It is a pleasure being with everybody. Demagogues hate facts, but truth usually wins out.

Mr. KINGSTON. Mr. Speaker, I heard a similar quote that said ignorance and bliss is easy. Let me just say that I think it is important for all of our constituents to call us, to write us, to get involved, to come to town meetings and so forth. We are in a huge national debate. We have a budget that has a deficit of about $140 billion to $150 billion. We have a $5 trillion debt. We cannot pass this legacy on to our children, and we will not even be able to do, because the day of reckoning is coming sooner than that.

I will close with one story I tell many, many times, you have all heard it, a story about a guy crossing the road. He gets into the middle of the road, and a car comes whizzing around the corner. All of a sudden, the man jumps out of the way, the car swerves to the same direction. The man jumps to the right, the car swerves to the right; the man jumps to the left, the car swerves to the left. Back and forth. At the last possible minute, the man jumps out of the way, and the car pulls up next to him. The driver rolls down the window, and it is a squirrel, and he says, ''It ain't as easy as it looks, is it?''

I think that is the situation we are in in the United States of America right now. We have got a lot of problems, and it is not going to be easy, and it is not going to be something where you can just stay at home and say this is what ought to happen. We all need to be involved in this. But we are America, and Americans have always risen to the challenge, and we will get through these problems today.

Thanks for being with us.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. DICKEY (at the request of Mr. ARMEY), for today after 6:00 p.m. and for the balance of the week, on account of attending his daughter's college graduation.

Mr. HOUGHTON (at the request of Mr. ARMEY), for today until 5:30 p.m., on account of official business.

Mrs. FOWLER (at the request of Mr. ARMEY), until 11:30 a.m. today, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. MEEHAN, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

Mr. DOYLE, for 5 minutes, today.

Ms. BROWN of Florida, for 5 minutes, today.

(The following Members (at the request of Mr. LONGLEY) to revise and extend their remarks and include extraneous material:)

Mr. WOLF, for 5 minutes, on May 10.

Mr. CHAMBLISS, for 5 minutes, today.

Mr. LONGLEY, for 5 minutes, today.

Mr. BARR of Georgia, for 5 minutes, today.

Mr. FOX of Pennsylvania, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following members (at the request of Mr. PALLONE) and to include extraneous material:)

Mrs. MINK of Hawaii.

Mr. WYNN.

Mr. STARK.

Mr. MILLER of California.

Mr. LAFALCE.

Mr. FAZIO of California.

Mr. RANGEL.

Mr. HOYER.

Mr. HAMILTON.

Mr. POMEROY.

Mr. LANTOS.

Mr. JOHNSON of South Dakota in three instances.

Mr. GORDON in 10 instances.

Mr. SERRANO.

Mr. PICKETT.

Mr. KANJORSKI.

Mr. KLECZKA.

(The following Members (at the request of Mr. LONGLEY) and to include extraneous material:)

Mr. DORNAN in three instances.

Mr. GOODLING.

Mr. STUMP.

Mr. TORKILDSEN.

Mr. CALLAHAN.

Mr. FORBES.

Mr. HAYWORTH.

Mr. CRANE.

Mr. HOSTETTLER.

ADJOURNMENT

Mr. KINGSTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 55 minutes p.m.), the House adjourned until Friday, May 10, 1996, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2895. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Sheep and Wool Promotion, Research, Education, and Information: Certification and Nomination Procedures for the Proposed National Sheep Promotion, Research, and Information Board (Board) (Docket No. LS–94–015A) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2896. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Sheep Promotion, Research, and Information Program: Rules and Regulations (Docket No. LS–95–010) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2897. A letter from the Administrator, Foreign Agricultural Service, transmitting the Service's final rule—Agreements for the Development of Foreign Markets for Agricultural Commodities (RIN: 0051–AA24) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2898. A letter from the Comptroller General of the United States, transmitting a review of the President's fifth special impoundment message for fiscal year 1996, pursuant to 2 U.S.C. 685 (H. Doc. No. 104–209); to the Committee on Appropriations and ordered to be printed.

2899. A letter from the Deputy Secretary of Defense, transmitting the Department's report on assistance to the Red Cross for emergency communications services for members of the Armed Forces and their families, pursuant to 10 U.S.C. 2602 note; to the Committee on National Security.

2900. A letter from the Under Secretary of Defense (Acquisition and Technology), transmitting certification that the standard missile 2 block IV major defense acquisition program is essential to the national security; has no alternative that would cost less; its new estimates are reasonable; and its management structure is adequate, pursuant to 10 U.S.C. 2433(e)(1); to the Committee on National Security.

2901. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Cost Reimbursement Rules for Indirect Costs—Private Sector (DFARS Case 96–D303) received May 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

2902. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Educational Assistance: Technical Amendments (RIN: 2900–AH59) received May 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

2903. A letter from the Secretary of Defense, transmitting the Secretary's certification that the current Future Years Defense Program fully funds the support costs associated with the Longbow Apache program, pursuant to 10 U.S.C. 2306(i)(1)(A); to the Committee on National Security.

2904. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to authorize consent to and authorize appropriations for the United States contribution to the fifth replenishment of the resources of the African Development Bank, pursuant to 31 U.S.C. 1110; to the Committee on Banking and Financial Services.

2905. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to authorize consent to and authorize appropriations for a United States contribution to the interest subsidy account of the successor [ESAF II] to the Enhanced Structural Adjustment Facility of the International Monetary Fund,

pursuant to 31 U.S.C. 1110; to the Committee on Banking and Financial Services.

2906. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to authorize appropriations for the U.S. contribution to the 10th replenishment of the resources of the International Development Association, pursuant to 31 U.S.C. 1110; to the Committee on Banking and Financial Services.

2907. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting the 82d annual report of the Board of Governors of the Federal Reserve System covering operations during calendar year 1995, pursuant to 12 U.S.C. 247; to the Committee on Banking and Financial Services.

2908. A letter from the Assistant to the Board, Federal Reserve System, transmitting the Reserve's final rule—Section 23A of the Federal Reserve Act—Definition of Capital Stock and Surplus (Docket No. R–0902) received May 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

2909. A letter from the Assistant to the Board, Federal Reserve System, transmitting the Reserve's final rule—Securities Credit Transactions; Review of Regulation T, ''Credit by Brokers and Dealers.'' (Docket No. R–0772) received May 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2910. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting copies of the original reports of political contributions for the following: Arlene Render, of Virginia, (Republic of Zambia); Stanley N. Schrager, of Illinois, (Republic of Djibouti); Alan R. McKee, of Maryland, (Kingdom of Swaziland); John F. Hicks, of North Carolina, (State of Eritrea); and members of their families, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on International Relations.

2911. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting a report on the efforts to train and equip the Federation of Bosnia and Herzegovina military as part of an initiative to enhance regional stability; to the Committee on International Relations.

2912. A letter from the Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rules—(1) Groundfish of the Bering Sea and Aleutian Islands Area; Rock Sole/Flathead Sole/''Other Flatfish'' Fishery [Docket No. 960129019–6019–01; I.D. 041296A], (2) Groundfish of the Bering Sea and Aleutian Islands Area; Atka Mackerel in the Central Aleutian District [Docket No. 960129019–6019–01; I.D. 041296B], and (3) Groundfish of the Gulf of Alaska; Deep-water Species Fishery by Vessels using Trawl Gear [Docket No. 960129018–6018–01; I.D. 041296C] received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

2913. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Pacific Coast Groundfish Fishery; Closure and Trip Limit Reduction [Docket No. 951227306–5306–01; I.D. 043096A] received May 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

2914. A letter from the Administrator, Environmental Protection Agency, transmitting the Agency's study to determine whether liners or other secondary means of containment should be used to prevent leaking or to aid in leak detection at onshore facilities used for bulk storage of oil and located near navigable waters, pursuant to Public Law 101–380, section 4113(b) (104 Stat. 517); to the Committee on Transportation and Infrastructure.

2915. A letter from the Secretary of Transportation, transmitting the Department's report on the functions of the Interstate Commerce Commission, pursuant to Public Law 103–311, section 210(b) (108 Stat. 1689); to the Committee on Transportation and Infrastructure.

2916. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Great Lakes Pilotage Methodology (RIN: 2105–AC21) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2917. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Audits of State and Local Governments (RIN: 2105–AC44) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2918. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Safety Zone: Fire Island Lighthouse Fireworks Display, Fire Island, NY (RIN: 2115–AA97) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2919. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations: Boating Safety Parade; Charleston, SC (RIN: 2115–AE46) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2920. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Saginaw River, MI (RIN: 2115–AE47) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2921. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulation: World's Fastest Lobster Boat Race, Moosabec Reach, Jonesport, ME (RIN: 2115–AE46) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2922. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations: Key West Super Boat Race; Key West, FL (RIN: 2115–AE46) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2923. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Hazardous Materials Transportation Regulations; Compatibility with Regulations of the International Atomic Energy Agency (RIN: 2137–AB60) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2924. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations: Harvard-Yale Regatta, Thames River, New London, CT (RIN: 2115–AE46) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2925. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Sensenich Propeller Manufacturing Company Inc. Models M76EMM, 76EMMS, 76EM8, and 76 EM8S( ) Metal Propellers [Docket No. 95–ANE–03; Amendment 39–9583; AD 69–09–03 R3] (RIN: 2120–AA64) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2926. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; AlliedSignal, Inc. LTS101–600 Series Turboshaft Engines [Docket No. 95–ANE–12; Amendment 39–9609; AD 96–10–04] (RIN: 2120–AA64) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2927. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 737 Series Airplanes [Docket No. 96–NM–84–AD; Amendment 39–9611; AD 96–10–06] (RIN: 2120–AA64) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2928. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Standards; Transport Category Rotorcraft Performance (RIN: 2120–AB36) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2929. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Rotorcraft Regulatory Changes Based on European Joint Aviation Requirements (RIN: 2120–AF65) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2930. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; John Day, OR—Docket No. 96–ANM–002 (RIN: 2120–AA66) (1996–0016) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2931. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Camp Guernsey, WY—Docket No. 96–ANM–5 (RIN: 2120–AA66) (1996–0018) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2932. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model MD–11 Series Airplanes [Docket No. 96–NM–77–AD; Amendment 39–9612; AD 96–10–07] (RIN: 2120–AA64) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2933. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Exemption, Approval, Registration and Reporting Procedures; Miscellaneous Provisions (RIN: 2137–AC63) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2934. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Lifesaving Equipment (RIN: 2120–AA64) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2935. A letter from the Administrator, National Aeronautics and Space Administration, transmitting the Administrator's determination that it is in the public interest to use other than competitive procedures for the acquisition of hardware, software, and integration services necessary to implement the integrated financial management [IFM] system, pursuant to 10 U.S.C. 2304(c)(7); to the Committee on Science.

2936. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Medical; Nonsubstantive

Miscellaneous Changes (RIN: 2900–AH95) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

2937. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—Medicare and Medicaid Programs; Conditions of Coverage for Organ Procurement Organizations [OPOs] (RIN: 0938–AE48) received May 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); jointly, to the Committees on Ways and Means and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the property calendar, as follows:

Mr. HYDE: Committee on the Judiciary. H.R. 2604. A bill to amend title 28, United States Code, to authorize the appointment of additional bankruptcy judges, and for other purposes (Rept. 104–569). Referred to the Committee of the Whole House on the State of the Union.

Mr. SOLOMON: Committee on Rules. House Resolution 430. Resolution providing for consideration of the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes (Rept. 104–570). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONO (for himself, Mr. MCCOLLUM, Mr. SMITH of Texas, Mr. BARR, and Mr. FLANAGAN):

H.R. 3422. A bill to amend chapter 1 of title 9 of the United States Code to permit each party to certain contracts to accept or reject arbitration as a means of settling disputes under the contracts; to the Committee on the Judiciary.

By Mr. CAMPBELL (for himself, Mr. MCINTOSH, Mr. CLINGER, Mr. PACKARD, Mr. BONO, Mr. UPTON, Mr. HORN, Mr. SCARBOROUGH, Mr. LARGENT, Mr. CASTLE, and Mr. ZELIFF):

H.R. 3423. A bill to provide that an individual may not serve more than two terms as a member of any independent regulatory commission, and to authorize an individual to continue to serve as a member of an independent regulatory commission for not more than 1 year following the expiration of the term of the individual; to the Committee on Government Reform and Oversight.

By Mr. JOHNSON of South Dakota (for himself and Mr. POMEROY):

H.R. 3424. A bill to amend the Agricultural Marketing Act of 1946 and the Packers and Stockyards Act, 1921, to provide for increased regulation of slaughterhouses; to the Committee on Agriculture.

By Mr. KLECZKA (for himself, Mr. STARK, Mr. GIBBONS, Mr. JACOBS, Mr. PALLONE, Mr. CARDIN, Mr. MATSUI, Mr. LEWIS of Georgia, Mr. COYNE, Mrs. KENNELLY, Mr. MCDERMOTT, Mr. NEAL of Massachusetts, Mr. PAYNE of Virginia, Mr. RANGEL, Mr. MCNULTY, Mr. LEVIN, Mr. FORD, and Ms. MCKINNEY):

H.R. 3425. A bill to amend the Internal Revenue Code of 1986 to require health insurance coverage and group health plans that provide coverage of childbirth to provide coverage for a minimum inpatient stay following childbirth; to the Committee on Ways and Means.

By Mr. KLUG (for himself, Mr. STARK, and Mr. NUSSLE):

H.R. 3426. A bill to amend title XVIII of the Social Security Act to apply standards to outpatient physical therapy provided as an incident to a physician's professional services; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. NETHERCUTT (for himself, Mr. HOSTETTLER, Mr. CRANE, Mr. MCINTOSH, and Ms. DUNN of Washington):

H.R. 3427. A bill to amend the Internal Revenue Code of 1986 to allow a deduction for the old-age, survivors, and disability insurance taxes paid by employees and self-employed individuals, and for other purposes; to the Committee on Ways and Means.

By Mr. OXLEY:

H.R. 3428. A bill for the relief of certain former spouses of employees of the Federal Government; to the Committee on Government Reform and Oversight.

By Mr. SAXTON:

H.R. 3429. A bill to amend the Safe Drinking Water Act to provide for annual consumer confidence reports regarding contaminants in drinking water; to the Committee on Commerce.

By Mr. UPTON (for himself and Mr. FARR):

H.R. 3430. A bill to amend the Internal Revenue Code of 1986 to eliminate the requirement that States pay unemployment compensation on the basis of services performed by election workers; to the Committee on Ways and Means.

By Mr. WHITFIELD (for himself, Mr. OXLEY, Mr. STEARNS, and Mrs. COLLINS of Illinois):

H.R. 3431. A bill to amend the Armored Car Industry Reciprocity Act of 1993 to clarify certain requirements and to improve the flow of interstate commerce; to the Committee on Commerce.

By Mr. WICKER (for himself, Mr. TAYLOR of Mississippi, and Mr. PARKER):

H.R. 3432. A bill to designate certain locks and dams of the Tennessee-Tombigbee Waterway; to the Committee on Transportation and Infrastructure.

By Mr. FORBES:

H. Con. Res. 173. Concurrent resolution expressing the sense of the Congress that a postage stamp should be issued in recognition of the services rendered by this Nation's volunteer firefighters; to the Committee on Government Reform and Oversight.

By Mr. NEUMANN:

H. Con. Res. 174. Concurrent resolution establishing the congressional budget for the U.S. Government for fiscal year 1997 and setting forth appropriate budgetary levels for fiscal years 1998, 1999, 2000, 2001, and 2002; to the Committee on the Budget.

By Mr. MARKEY (for himself, Ms. PELOSI, Mr. BRYANT of Texas, and Mr. SPRATT):

H. Res. 429. Resolution expressing the sense of the House of Representatives with respect to the compliance of the People's Republic of China with its intellectual property rights enforcement agreement with the United States and its accession to the World Trade Organization; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 65: Mr. WATT of North Carolina and Mr. CONDIT.

H.R. 103: Mr. HALL of Texas and Mr. QUINN.

H.R. 303: Mr. CONDIT, Mr. THOMPSON, and Mr. TORKILDSEN.

H.R. 350: Mr. DICKEY.

H.R. 351: Mr. BEREUTER, Mr. BAKER of Louisiana, Mr. BARR, and Mr. HOKE.

H.R. 598: Mr. ALLARD, Mr. LAFALCE, Mr. BARR, Mr. BALDACCI, Mr. EDWARDS, and Mr. SPENCE.

H.R. 820: Mr. COBURN, Mr. LIGHTFOOT, Mr. ALLARD, Mr. FOLEY, Mr. CHAPMAN, Ms. WOOLSEY, Mr. ROTH, and Mr. BENTSEN.

H.R. 911: Mr. HAYWORTH and Mr. WILLIAMS.

H.R. 957: Mr. CAMPBELL.

H.R. 972: Mr. BARCIA of Michigan.

H.R. 1003: Mr. BAKER of California.

H.R. 1046: Mr. SISISKY.

H.R. 1090: Mr. WATTS of Oklahoma.

H.R. 1110: Mr. NEUMANN.

H.R. 1136: Ms. MCKINNEY, Mr. MOAKLEY, Mr. NEAL of Massachusetts, and Mr. DOOLEY.

H.R. 1423: Mrs. LOWEY.

H.R. 1462: Mr. HOBSON, Mr. FIELDS of Texas, Mrs. MALONEY, Mrs. SEASTRAND, Mr. WOLF, Mr. BEREUTER, Mr. JACOBS, Mr. OWENS, Mr. WILSON, Mr. LAFALCE, Mr. BUNN of Oregon, and Mr. NADLER.

H.R. 1483: Mr. CLEMENT, Mr. BISHOP, and Mr. DOYLE.

H.R. 1484: Mr. HASTINGS of Florida.

H.R. 1666: Mr. EHLERS.

H.R. 1701: Mr. LUTHER.

H.R 1733: Ms. WOOLSEY and Mrs. SMITH of Washington.

H.R. 1776: Mr. PORTMAN, Mr. ZIMMER, Mr. VISCLOSKY, Mr. PICKETT, Mr. MYERS of Indiana, and Mr. BORSKI.

H.R. 2026: Mr. DEUTSCH, Mr. GEJDENSON, Mr. FRAZER, Mrs. FOWLER, Mr. FRANKS of Connecticut, Mr. SAM JOHNSON, Mr. KINGSTON, Mrs. MYRICK, and Mr. SPENCE.

H.R. 2065: Mr. KLINK.

H.R. 2144: Mr. KLUG.

H.R. 2270: Mr. BAKER of Louisiana, Mr. ENGLISH of Pennsylvania, Mr. BLILEY, Mr. DUNCAN, Mr. TAUZIN, and Mr. GILLMOR.

H.R. 2335: Mr. EHLERS, Mr. WATTS of Oklahoma, Mr. LEWIS of Georgia, Mr. LINDER, Mr. CRAPO, Mrs. VUCANOVICH, Mr. HANCOCK, Mr. NEUMANN, Mrs. CHENOWETH, Mr. JEFFERSON, Mr. BARR, Mr. EHRLICH, Mr. YOUNG of Alaska, Mr. WISE, and Mr. ISTOOK.

H.R. 2500: Mr. ROGERS, Mr. CHRISTENSEN, and Ms. GREENE of Utah.

H.R. 2530: Mr. LUTHER.

H.R. 2582: Mr. OXLEY and Mr. EWING.

H.R. 2604: Mr. HORN.

H.R. 2701: Mrs. MEEK of Florida.

H.R. 2705: Ms. MILLENDER-MCDONALD, Mr. BALDACCI, Mr. BISHOP, Mr. COYNE, Mr. GUTIERREZ, Ms. JACKSON-LEE, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. MASCARA, Mr. MORAN, Mr. SCOTT, and Mr. HOLDEN.

H.R. 2820: Mr. ROBERTS.

H.R. 2927: Mr. NEY and Mrs. CUBIN.

H.R. 2943: Mr. PORTER.

H.R. 3079: Mr. HUTCHINSON.

H.R. 3119: Mr. WATTS of Oklahoma, Ms. SLAUGHTER, and Mr. PICKETT.

H.R. 3142: Mr. WELLER, Mr. BAKER of Louisiana, Mr. SHAW, Mr. BROWDER, Mr. WILLIAMS, Mr. ZIMMER, and Mr. EDWARDS.

H.R. 3173: Mr. FLANAGAN, Mr. DIXON, and Mr. GORDON.

H.R. 3187: Mr. DEFAZIO, Mr. NADLER, Ms. RIVERS, Mr. FILNER, Mr. PAYNE of New Jersey, Mr. OBERSTAR, Miss COLLINS of Michigan, Mr. CUMMINGS, and Mr. WYNN.

H.R. 3195: Mr. FIELDS of Texas and Mr. HOEKSTRA.

H.R. 3226: Mrs. THURMAN, Mr. BARRETT of Wisconsin, and Mr. LIPINSKI.

H.R. 3244: Mr. FAZIO of California.
H.R. 3246: Mr. STOKES.
H.R. 3250: Mrs. KELLY, Mr. WISE, Mr. PORTER, Ms. PELOSI, Mr. HINCHEY, and Mr. NUSSLE.
H.R. 3275: Mr. BAKER of Louisiana.
H.R. 3305: Mr. NEY and Mr. GRAHAM.
H.R. 3310: Mr. COBLE and Mr. DUNCAN.
H.R. 3324: Mr. ENSIGN and Mr. HOEKSTRA.
H.R. 3338: Mr. POMBO.
H.R. 3348: Mr. FOX.
H.R. 3354: Mr. PETERSON of Minnesota and Mr. STUMP.
H.R. 3383: Mr. BOEHLERT.
H.R. 3392: Mrs. SCHROEDER, Mr. OBERSTAR, Mr. HASTINGS of Florida, Mr. BECERRA, and Mr. BALDACCI.
H.R. 3396: Mr. ISTOOK, Mr. DORNAN, Mr. STOCKMAN, Mr. DEAL of Georgia, Mr. BURTON of Indiana, Mr. PETRI, Mr. COLLINS of Georgia, Mr. NEY, Mr. COOLEY, Mr. HILLEARY, Mr. FUNDERBURK, and Mr. NORWOOD.
H.R. 3398: Mrs. KELLY, Ms. RIVERS, Mr. HYDE, Mr. FLANAGAN, and Mr. PALLONE.
H. Con. Res. 10: Mr. BARR and Mr. DINGELL.
H. Con. Res. 139: Mr. BOEHLERT.
H. Con. Res. 151: Mr. EVANS.
H. Con. Res. 154: Mr. FLAKE, Mr. LEVIN, Mrs. LOWEY, and Mr. MEEHAN.
H. Con. Res. 169: Mr. FUNDERBURK, Mr. PETRI, Mr. STUMP, Mr. ROHRABACHER, Mr. FOLEY, Mr. BUYER, Mr. PORTMAN, Mr. HASTERT, Mr. SKEEN, Mr. BAKER of Louisiana, Mr. DORNAN, Mr. WELDON of Florida, Mr. SCHIFF, Mr. SCHAEFER, Mr. CAMPBELL, Mr. FRANKS of New Jersey, Mr. EHRLICH, Mr. MANZULLO, Mr. CLINGER, Mr. CRAPO, Mr. MCKEON, Mr. KING, Mr. LARGENT, Mr. LAHOOD, and Mr. WHITFIELD.
H. Res. 30: Mr. BILIRAKIS, Mr. REGULA, and Mr. CAMPBELL.
H. Res. 49: Mr. MANZULLO.
H. Res. 348: Mr. HILLEARY, Mrs. KELLY, and Mr. BARR.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 2086: Mr. GREEN of Texas.