S. 472. A bill to amend title XVIII of the Social Security Act to provide for certain Medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech, and occupational therapy services under part B of the Medicare program, and for other purposes; to the Committee on Finance.

By Mr. SCHUMER (for himself and Mr. MOYNIHAN):

S. 473. A bill to amend the Internal Revenue Code of 1986 to repeal the increase in the tax on higher education expenses and interest on student loans; to the Committee on Finance.

By Mr. ASHCROFT:

S. 474. A bill to amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education individual retirement accounts, and for other purposes; to the Committee on Finance.

S. 475. A bill to amend the Higher Education Act of 1965 to increase the amount of loan forgiveness for teachers; to the Committee on Education, Labor, and Pensions.

S. 476. A bill to enhance and protect retirement savings; to the Committee on Finance.

S. 477. A bill to enhance competition among airlines and reduce airfares, and for other purposes; to the Committee on Commerce, Science, and Transportation.

S. 478. A bill to amend the Internal Revenue Code of 1986 to provide a credit for the purchase of a principle residence within an empowerment zone or enterprise community by a first-time homebuyer; to the Committee on Finance.

By Mr. SCHUMER:

S. 482. A bill to amend the Internal Revenue Code of 1986 to provide for the disposition of a collection of the papers of Martin Luther King, Jr.; to the Committee on Finance.

By Mr. SCHUMER (for himself, Mr. DURBIN, Mr. BURGER, Mr. HARKIN, Mr. BROWNBACK, Mr. HATCH, Mr. BROWNBACK, Mr. REID, Mr. ROBB, Mr. BIDEN, Mrs. MURPHY, Mrs. HATCH, Mr. JOHNSON, Mr. EDWARDS, Mr. LEVIN, Mr. SARBAINES, Mr. BURNS, Mr. CLUDE, Mr. REED, Mr. DASHIEL, Mr. CAMPBELL, Mr. LAUTENBERG, Mr. BOXER, Mr. KOHL, Ms. LANDRIEU, Mr. KERREY, Ms. COLLINS, Ms. MIKULSKI, Mrs. LINDSEY, and Mr. LIEBERMAN):

S. Res. 53. A resolution to designate March 24, 1999, as “National School Violence Victims Memorial Day”; to the Committee on the Judiciary.

By Mr. FEINGOLD (for himself, Mr. FRIST, Mr. BIDEN, Mr. JEFFORDS, Mr. WOLLSTONE, and Mrs. FEINSTEIN):

S. Res. 54. A resolution condemning the escalating violence, the gross violation of human rights and attacks against civilians, and the attempt to overthrow a democratically elected government in Sierra Leone; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JEFFORDS:

S. 466. A bill to provide that “Know Your Customer” regulations proposed by the federal banking agencies may not take effect unless such regulations are specifically authorized by a subsequent Act of Congress, to require a comprehensive study and report to the Congress on various economic and privacy issues raised by the proposed regulations, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE FINANCIAL INSTITUTIONS PRIVACY ACT OF 1999

Mr. JEFFORDS. Mr. President, I rise today to introduce the “American Financial Institutions Privacy Act of 1999.” This legislation will delay the implementation of the “Know Your Customer” regulations proposed by the federal banking agencies. Additionally, this legislation will require these agencies to perform a comprehensive study, to be submitted to Congress in 180 days, on the privacy, freedom of association and economic issues implicated by these regulations. Only with Congressional authorization will these regulations be allowed to take effect.

These regulations mandate that banks identify each customer, find out the normal source and use of his or her funds and then watch transactions in the account to see if they deviate from “normal” and “expected” patterns. If the unexpected transactions seem “suspicious” banks are required under current law to report them to the Suspicious Activity Reporting System, a federal database that can be searched by the Internal Revenue Service, bank regulators, the FBI and other federal agencies.

Mr. President, I have heard from my constituents expressing great concern over the privacy implications of these regulations, and I think the legislation recently adopted by the Vermont House best expresses the concerns of Vermonters. The resolution states,
Resolved: That the Secretary of State be directed to send a copy of this resolution to the Federal Deposit Insurance Corporation, the Office of the Comptroller of Currency, the Federal Reserve, the banking committee of the United States House of Representatives, the banking committee of the United States Senate and Vermont’s congressional delegation, which was read and, in the Speaker’s discretion, placed on the Calendar for action tomorrow under Rule 52.

By Mr. VOINOVICH (for himself, Mr. THOMPSON, Mr. LIEBERMAN, and Mr. DURBIN):

S. 468. A bill to improve the effectiveness and performance of Federal financial assistance programs, simplify Federal financial assistance application and reporting requirements, and improve the delivery of services to the public; to the Committee on Governmental Affairs.

Mr. VOINOVICH. Mr. President, today I am pleased to introduce the “Federal Financial Assistance Management Improvement Act of 1999,” legislation that was championed in the previous Congress by my friend and predecessor, Senator JOHN GLENN. As a Senator, I supported this bill as an important step toward the web of overlapping and duplicative federal grants available to States, localities, and community organizations. As a Senator, I am pleased to pick it up where Senator GLENN left off. I would also like to thank Senator THOMPSON, Senator LIEBERMAN, and Senator DURBIN for joining me as original cosponsors of this bill.

Scores of programs, often administered by the same federal agency, have similar purposes but are subject to different application and reporting requirements. This unnecessary duplication of effort wastes time, paper, and does nothing to improve program performance for the benefit of our constituents. The Federal Financial Assistance Management Improvement Act is intended to streamline the grant application process, allowing those who serve their communities to focus on the job at hand—not on page after page of paperwork. The legislation directs federal agencies to simplify and coordinate the application requirements of related programs. The result, I hope, will be service to the public which is better, faster, and more effective than before.

In other words, today in this country, if you want to apply for federal assistance, every agency has a different form. If you have to report on what you are doing with that federal assistance, every agency has a different form. We want to make those forms uniform across the board, which we know will relieve a lot of pressure and paperwork on the folks who are involved in these programs.

Another important component of this bill is that agencies develop a process to allow State and local governments and non-profit organizations to apply for and report on the use of funds electronically. Using the Internet as a substitute for cumbersome paperwork is a welcome innovation in the way the federal government does business, and I am pleased that the Federal Financial Assistance Management Improvement Act is leading the effort.

We need to bring technology into the Federal Government and allow people to do the same thing that they do when they are dealing with the private sector.

This bill was crafted in the last Congress by Senator GLENN after bipartisan, bicameral negotiations with the Administration, and while I was sorry that it was not enacted before the end of the 105th Congress, I am pleased to be able to introduce it today. The legislation is supported by the National Governors’ Association and others in the States and local government and non-profit community because of the real potential it has to reduce red tape and improve services to our communities. I urge all my colleagues to support this important legislation.

Mr. President, I ask unanimous consent that the text of the bill and a letter of support from State and local government organizations be printed in the RECORD.

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

STATE OF VERMONT—J.R.H. 35

Whereas, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS) and the Federal Reserve have proposed to issue a new regulation requiring banks to develop and maintain “Know Your Customer” programs; and

Whereas, as proposed, the regulation would require each bank to develop a program designed to determine the identity of its customers and monitor account activity for transactions that are inconsistent with normal and expected transactions, and report any transactions of its customers that are suspicious, and

Whereas, the proposed regulation would substantially change the relationship between banks and their customers, and

Whereas, the regulation will result in a substantial invasion of privacy and a illegal search in violation of innocent customers’ rights, and the constitutions of both the United States and Vermont, and

Whereas, the proposed regulation is clearly beyond the scope of authority granted the agencies by Congress, now therefore be it

Resolved by the Senate and the House of Representatives:

That the FDIC should not be allowed to issue this “Know Your Customer” regulation, and be it further

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Resolved: That the Secretary of State be directed to send a copy of this resolution to the Federal Deposit Insurance Corporation, the Office of the Comptroller of Currency, the Federal Reserve, the banking committee of the United States House of Representatives, the banking committee of the United States Senate and Vermont’s congressional delegation, which was read and, in the Speaker’s discretion, placed on the Calendar for action tomorrow under Rule 52.

By Mr. VOINOVICH (for himself, Mr. THOMPSON, Mr. LIEBERMAN, and Mr. DURBIN):

S. 468. A bill to improve the effectiveness and performance of Federal financial assistance programs, simplify Federal financial assistance application and reporting requirements, and improve the delivery of services to the public; to the Committee on Governmental Affairs.

Mr. VOINOVICH. Mr. President, today I am pleased to introduce the “Federal Financial Assistance Management Improvement Act of 1999,” legislation that was championed in the previous Congress by my friend and predecessor, Senator JOHN GLENN. As a Senator, I supported this bill as an important step toward the web of overlapping and duplicative federal grants available to States, localities and community organizations. As a Senator, I am pleased to pick it up where Senator GLENN left off. I would also like to thank Senator THOMPSON, Senator LIEBERMAN, and Senator DURBIN for joining me as original cosponsors of this bill.

Scores of programs, often administered by the same federal agency, have similar purposes but are subject to different application and reporting requirements. This unnecessary duplication of effort wastes time, paper, and does nothing to improve program performance for the benefit of our constituents. The Federal Financial Assistance Management Improvement Act is intended to streamline the grant application process, allowing those who serve their communities to focus on the job at hand—not on page after page of paperwork. The legislation directs federal agencies to simplify and coordinate the application requirements of related programs. The result, I hope, will be service to the public which is better, faster and more effective than before.

In other words, today in this country, if you want to apply for federal assistance, every agency has a different form. If you have to report on what you are doing with that federal assistance, every agency has a different form. We want to make those forms uniform across the board, which we know will relieve a lot of pressure and paperwork on the folks who are involved in these programs.

Another important component of this bill is that agencies develop a process to allow State and local governments and non-profit organizations to apply for and report on the use of funds electronically. Using the Internet as a substitute for cumbersome paperwork is a welcome innovation in the way the federal government does business, and I am pleased that the Federal Financial Assistance Management Improvement Act is leading the effort.

We need to bring technology into the Federal Government and allow people to do the same thing that they do when they are dealing with the private sector.

This bill was crafted in the last Congress by Senator GLENN after bipartisan, bicameral negotiations with the Administration, and while I was sorry that it was not enacted before the end of the 105th Congress, I am pleased to be able to introduce it today. The legislation is supported by the National Governors’ Association and others in the State and local government and non-profit community because of the real potential it has to reduce red tape and improve services to our communities. I urge all my colleagues to support this important legislation.

Mr. President, I ask unanimous consent that the text of the bill and a letter of support from State and local government organizations be printed in the RECORD.

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

S. 468

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 “Federal Financial Assistance Management Improvement Act of 1999.”

SEC. 2. FINDINGS.

The Congress finds that—

(1) there are over 600 different Federal financial assistance programs to implement domestic policy;

(2) while the assistance described in paragraph (1) has been directed at critical problems, some Federal administrative requirements may be duplicative, burdensome or conflicting, thus impairing cost-effective delivery of services at the local level;

(3) the Nation’s State, local, and tribal governments and private, nonprofit organizations are dealing with complex problems which require the delivery and coordination of many kinds of services; and

(4) streamlining and simplification of Federal financial assistance administrative procedures and reporting requirements will improve the delivery of services to the public.

SEC. 3. PURPOSES.

The purposes of this Act are to—

(1) improve the effectiveness and performance of Federal financial assistance programs;

(2) simplify Federal financial assistance application and reporting requirements;

(3) improve the delivery of services to the public; and

(4) facilitate greater coordination among those responsible for delivering such services.

SEC. 4. DEFINITIONS.

In this Act:

(1) DIRECTOR.—The term “Director” means the Director of the Office of Management and Budget; and

(2) FEDERAL AGENCY.—The term “Federal agency” means any agency as defined under section 551(1) of title 5, United States Code.
(3) **Federal financial assistance.**—The term ‘Federal financial assistance’ has the same meaning as defined in section 750a(9) of title 31, United States Code, under which Federal financial assistance is provided, directly or indirectly, to a non-Federal entity.

(4) **Local government.**—The term ‘local government’ means a political subdivision of a State that is a unit of general local government (as defined under section 750a(11) of title 31, United States Code);

(5) **Non-Federal entity.**—The term ‘non-Federal entity’ means a State, local government, or nonprofit organization.

(6) **Nonprofit organization.**—The term ‘nonprofit organization’ means any corporation, trust, association, cooperative, or other organization that—

(A) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;

(B) is not organized primarily for profit; and

(C) uses net proceeds to maintain, improve, or expand the operations of the organization.

(7) **State.**—The term ‘State’ means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the freely associated states of Micronesia, Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, and any instrumentality thereof, the District of Columbia, State, regional, or interstate entity which has governmental functions, and any Indian Tribal Government.

(8) **Tribal government.**—The term ‘tribal government’ means an Indian tribe, as that term is defined in section 7501(a)(9) of title 31, United States Code.

(9) **Uniform administrative rule.**—The term ‘Uniform administrative rule’ means a Federal agency's uniform rule for any generally applicable requirement established to achieve national policy objectives that applies to Federal financial assistance programs across Federal agencies.

**SEC. 5. DUTIES OF FEDERAL AGENCIES.**

(a) **In General.**—Not later than 18 months after the date of enactment of this Act, each Federal agency shall develop and implement a plan that—

(1) streamlines and simplifies the application, eligibility, access, and process for Federal financial assistance programs administered by the agency;

(2) demonstrates active participation in the interagency working group established under section 4(a)(1); and

(3) demonstrates appropriate agency use, or plans for use, of the common application and reporting system developed under section 6(a)(1).

(b) **Comment and consultation on agency plans.**—

(1) **Comment.**—Each agency shall publish the plan developed under subsection (a) in the Federal Register and other means (including electronic means). To the maximum extent practicable, each Federal agency shall hold public forums on the plan.

(2) **Consultation.**—The lead official designated under subsection (a)(4) shall consult with representatives of non-Federal entities during development and implementation of the plan. Consultation with representatives of State, local, and tribal governments shall be in accordance with section 204 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1534).

(c) **Submission of plan.**—Each Federal agency shall submit the plan developed under subsection (a) to the Director and Congress not later than 18 months after the date of enactment of this Act.

(d) **Exemption.**—The Director may exempt any Federal agency or Federal financial assistance program from the requirements of this Section if the Director determines that the Federal agency does not have a significant number of Federal financial assistance programs.

**SEC. 6. DUTIES OF THE DIRECTOR.**

(a) **In General.**—The Director, in consultation with agency heads, and representatives of non-Federal entities, shall direct, coordinate, and assist Federal agencies in establishing—

(1) a common application and reporting system, including—

(A) a common application or set of common applications, wherein a non-Federal entity can apply for Federal financial assistance programs that serve similar purposes and are administered by different Federal agencies;

(B) a common system, including electronic processes, wherein a non-Federal entity can apply for, manage, and report on the use of funding from multiple Federal financial assistance programs across different Federal agencies; and

(2) an interagency process for addressing—

(A) ways to streamline and simplify Federal financial assistance administrative procedures and reporting requirements for non-Federal entities;

(B) improved interagency and intergovernmental coordination of information collection and sharing of data pertaining to Federal financial assistance programs, including appropriate information sharing consistent with section 522a of title 5, United States Code; and

(C) improvements in the timeliness, completeness, and quality of information received by Federal agencies from recipients of Federal financial assistance.

(b) **Lead agency and working groups.**—The Director shall designate a lead agency to assist the Director in carrying out the responsibilities under this section. The Director may use interagency working groups to assist in carrying out such responsibilities.

(c) **Review of administrative reports.**—On the request of the Director, agencies shall submit to the Director, for the Director’s review, information and other reporting regarding administrative reports under this Act.

(d) **Exemption.**—The Director may exempt any Federal agency or Federal financial assistance program from the requirements of this Act if the Director determines that the Federal agency does not have a significant number of Federal financial assistance programs.

**SEC. 7. EVALUATION.**

(a) **In General.**—The Director (or the lead agency designated under section 6(b)) shall contract with the National Academy of Public Administration to conduct an evaluation of the performance of non-Federal entities under this Act. Not later than 4 years after the date of enactment of this Act, the evaluation shall be submitted to the Director, the Director, and Congress. The evaluation shall be performed with input from State, local, and tribal governments, and nonprofit organizations.

(b) **Contents.**—The evaluation under subsection (a) shall—

(1) assess the effectiveness of this Act in meeting the purposes of this Act and make specific recommendations to further the implementation of this Act;

(2) evaluate actual performance of each agency in achieving the goals and objectives stated in agency plans; and

(3) assess the level of coordination among the Director, Federal agencies, State, local, and tribal governments, and nonprofit organizations in implementing this Act.

**SEC. 8. COLLECTION OF INFORMATION.**

Nothing in this Act shall be construed as a means to deviate from the statutory requirements relating to applicable Federal financial assistance programs.

**SEC. 9. JUDICIAL REVIEW.**

There shall be no judicial review of compliance or noncompliance with any of the provisions of this Act. No provision of this Act shall be construed to create any right or beneficial, substantive or procedural, enforceable by any administrative or judicial action.

**SEC. 10. STATUTORY REQUIREMENTS.**

Nothing in this Act shall be construed as a mean to deviate from the statutory requirements relating to applicable Federal financial assistance programs.

**SEC. 11. EFFECTIVE DATE AND SUNSET.**

This Act shall take effect on the date of enactment of this Act and shall cease to be effective 5 years after such date of enactment.

Mr. THOMPSON. Mr. President, I am pleased to support the Federal Financial Assistance Management Improvement Act of 1999. As a strong believer in our federalist system of government, I am pleased to be an original cosponsor of this legislation, which will cut red tape and waste in Federal grant and other assistance programs. This legislation will improve the performance of Federal grant and other
The bill would require the Office of Management and Budget (OMB) to reevaluate its array of over 75 crosscutting regulations that govern all funds going to state and local governments. OMB would develop more common rules to cut across programs. OMB would then consult with the Secretary of OMB and to Congress, and they would submit their report to the Committee on Commerce, Science, and Transportation. A bill to encourage the timely funding for the loan guarantee program which would be patterned after the Title XI Shipyard Guarantee program which would be patterned after the Title XI Shipyard Guarantee program and to vest the Secretary of Transportation in the Commerce, Science, and Transportation.

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The bill would require the Office of Management and Budget (OMB) to reevaluate its array of over 75 crosscutting regulations that govern all funds going to state and local governments. OMB would develop more common rules to cut across programs. OMB would then consult with the Secretary of OMB and to Congress, and they would submit their report to the Committee on Commerce, Science, and Transportation.
The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. And by having that type of a system, I think that we would give our private companies the ability to compete with all of these other companies in countries which have their governments supporting them in these areas.

We have had a number of Senators who have expressed an interest in participating with us in this legislation. Let me just mention Senator LOTT, Senator BINGAMAN, Senator GRAHAM of Florida and Senator LANDRIEU of Louisiana. I hope—and now that the bill has been introduced, that the Commerce Committee can have some hearings on it—that we can continue to improve it and move forward with establishing something that will allow the private sector of the United States to continue to be, and even increase the ability to be, the world leader in space transportation. In particular, the ability to launch our satellites with our vehicles and not have to rent space from the Russians or from the Chinese or from the Ukrainians or from any other part of the world. This is a vitally important industry, and the United States should be the technological leader now and for the future.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD.

S. 469

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 “Commercial Space Transportation Cost Reduction Act.”

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

Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. Purposes.
Sec. 4. Definitions.

TITILE I—INCREASING THE AVAILABILITY OF PRIVATE SECTOR FINANCING FOR THE UNITED STATES COMMERCIAL SPACE TRANSPORTATION INDUSTRY THROUGH A LOAN GUARANTEE PROGRAM

Sec. 102. Functions of the Secretary of the Department of Transportation.
Sec. 103. Space Transportation Loan Guarantee Fund.
Sec. 104. Authorization of Secretary to Guarantee Obligations.
Sec. 105. Eligibility for Guarantee.
Sec. 106. Defaults.

SEC. 2. FINDINGS.

Congress makes the following findings:

1. The United States commercial space transportation vehicle industry is an essential part of the national economy and opportunities for U.S. commercial providers are growing as international markets expand.

2. The development of the U.S. commercial space transportation vehicle industry is consistent with the national security interests and foreign policy interests of the United States.

3. United States trading partners have been able to lower their commercial space transportation vehicle prices aggressively, either through direct cash payments for commercially targeted product development or with indirect benefits derived from nonmarket economic and military cooperation.

4. Because United States incentives for space transportation vehicle development have historically focused on civil and military operation rather than commercial use, U.S. launch costs have remained comparatively high, and U.S. launch technology has not been commercially focused.

5. As a result, the United States share of the world commercial market has decreased from nearly 100% twenty years ago to approximately 47% in 1998.

6. In order to avoid undue reliance on foreign space transportation services, the U.S. must strive to have sufficient domestic capacity as well as the highest quality and the lowest cost per service provided.

7. A successful high quality, lower cost U.S. commercial space transportation industry should also lead to substantial U.S. tax payer savings through collateral lower U.S. government costs for its space access requirements.

8. Thus, to maintaining United States leadership in the world market is not another massive government program, but rather provision of just enough government incentives to enable U.S. industry to achieve critical mass and take advantage of the leadership in the world market.

9. Given the strengths and creativity of private industry in the United States, a more effective alternative to the approach of our trading partners is for the U.S. government to provide limited incentives, including loan guarantees which would help qualifying U.S. private-sector companies secure other financing for the critical developmental stages of development, has proven to be a major obstacle, an obstacle our trading partners have removed by providing direct access to government funding.

10. The purpose of this Act is to ensure availability of otherwise unavailable space transportation vehicle financing for U.S. private sector development of commercial space transportation vehicles with launch costs significantly below current levels.

11. And, as a result—

(a) to avoid undue reliance on foreign space transportation services;

(b) to reduce substantially United States Government space transportation expenditures;

(c) to increase the international competitiveness of the United States space industry;

(d) to encourage the growth of space-related commercial and space-related services;

(e) to increase the number of high-value jobs in the United States space-related industries.

SEC. 4. DEFINITIONS.

In this Act:

(1) TOTAL CAPITAL REQUIREMENT.—The term “total capital requirement” of a United States commercial space transportation provider means the aggregate, as determined by the Secretary, of all Cash Requirements paid or to be paid by or on the account of the Obligor prior to the achievement by the Obligor of positive cash flow generation. For the purposes of this definition, the term “Cash Requirements” shall include all cash expended or invested by the Obligor (including but not limited to design, testing and evaluation (DDT&E)), construction, reconditioning, reconditioning, placing into operation, working capital, interest expense and all other costs necessary for the company to become a space transportation vehicle provider.

(2) OBLIGEE.—The term “obligee” means the holder of an obligation.

(3) LOAN.—The term “loan” means an obligation.

(4) OBLIGOR.—The term “obligor” means any party primarily liable for payment of the principal of or interest on any obligation.

(5) OBLIGATION.—The term “obligation” means any note, bond, debenture, or other evidence of indebtedness issued for one of the purposes specified in section 102(a) of this Act.

(6) SECRETARY.—The term “Secretary” means the Secretary of the United States Department of Transportation.

(7) SPACE LAUNCH SITE.—The term “space launch site” means a location from which a launch or landing takes place and includes all facilities located within a launch or landing site which are necessary to conduct a launch, whether on land, sea, in the earth’s atmosphere, or beyond the earth’s atmosphere.

(8) SPACE TRANSPORTATION VEHICLE.—The term “space transportation vehicle” includes all types of vehicles, whether operating under design, development, construction, reconditioning or reconditioning; constructed in the United States by United States commercial space transportation vehicle providers as defined below and owned by those commercial providers, for the purpose of operating in, or transporting a payload to, from, or within, outer space, or in suborbital trajectory, and includes any component of such vehicle not specifically designed or adapted for a payload.

(9) UNITED STATES.—The term “United States” means each of the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other commonwealth, territory, or possession of the United States.

(10) UNITED STATES COMMERCIAL PROVIDER.—The term “United States commercial provider” means a commercial provider, organized under the laws of the United States or of a State, which—

(A) more than 50 percent owned by United States nationals;

(B) a subsidiary of a foreign company and the Secretary of Transportation finds that—

(i) such subsidiary has in the past evidenced a substantial commitment to the United States market;

(ii) significant contributions to employment in the United States; and

(iii) the country or countries in which such foreign company is incorporated or organized, and, if appropriate, in which it principally conducts its business, affords reciprocal treatment to companies described in paragraph (A) that are afforded to such foreign company’s subsidiary in the United States, as evidenced by—
(i) providing comparable opportunities for companies described in subparagraph (A) to participate in Government sponsored research and development similar to that authorized under the Act;

(ii) providing no barriers, to companies described in subparagraph (A) with respect to local investment opportunities, that are not providing the same opportunities to foreign companies in the United States; and

(iii) providing adequate and effective protection for the intellectual property rights of companies described in subparagraph (A).

(II) SMALL BUSINESS.—For the purposes of this Act, a “small business” is a commercial provider as defined by the Secretary according to criteria established in consultation with the commercial space transportation industry and professional associations.

(12) UNITED STATES COMMERCIAL SPACE TRANSPORTATION VEHICLE PROVIDER.—The term “United States commercial space transportation vehicle provider” means a United States commercial provider engaged in designing, developing, producing, or operating commercial space transportation vehicles.

(13) UNITED STATES COMMERCIAL SPACE TRANSPORTATION VEHICLE INDUSTRY.—The term “United States commercial space transportation vehicle industry” means the collection of United States commercial providers of space transportation vehicles.

(14) COST TO THE GOVERNMENT.— “Cost to the Government” means the Risk Rate multiplied by the amount of the guarantee issued by the Secretary. The Cost to the Government reduces the amount of the Fund and is not intended as a permanent source of financing for such ventures. Applications for guarantees under this program must include specific plans for the transition from guaranteed financing to standalone private sector financing as soon as the venture becomes commercial.

(15) RISK RATE.— “Risk Rate” means the risk associated with a specific guarantee described in this Act as determined by the Secretary and used in calculating the Cost to the Government.

(16) RISK CATEGORY.— “Risk Category” means the category into which the Secretary assigns an entity applying for a guarantee based on the risk factors identified in Section 103 of the Act.

(b) ADMINISTRATION OF PROGRAM.—(a) ESTABLISHMENT OF PROGRAM.—There shall be a United States Commercial Space Transportation Industry Loan Guarantee program to provide loan guarantees to support the private development of multiple qualified United States commercial space transportation vehicle providers on a risk-sharing basis, which reduces significantly below current levels the risk borne by the United States.

(b) ADMINISTRATION OF PROGRAM.—The program shall be carried out by the Secretary of Transportation under a streamlined application process pursuant to the terms of this Section and any regulations that may be promulgated hereunder, in consultation with other Federal officials, and sector representatives, as necessary, to ensure fair, effective and timely program administration.

(c) DETERMINATION OF ESTIMATED BENEFIT AND COST TO GOVERNMENT.—The United States Commercial Space Transportation Vehicle Industry Loan Guarantee program is intended to provide loan guarantees to support financing of qualified commercial space transportation vehicle development ventures for their startup phases and is not intended as a permanent source of financing for such ventures. Applications for guarantees under this program must include specific plans for the transition from guaranteed financing to standalone private sector financing as soon as the venture becomes commercial.

(2) EXCLUSION OF EVOLVED EXPENDABLE LAUNCH VEHICLE PROGRAMS.—The United States Commercial Space Transportation Vehicle Industry Loan Guarantee program shall not remove, restrict, or replace funding provided by the Department of Defense to commercial providers participating in the Evolved Expendable Launch Vehicle (EELV) program. Commercial providers already receiving Department of Defense funding for the development of specific expendable launch vehicles under the Evolved Expendable Launch Vehicle program shall not be eligible to receive a guarantee pertaining to this same program, under the United States Commercial Space Transportation Vehicle Industry Loan Guarantee program.

(3) SMALL BUSINESS SET ASIDE.—Small businesses, as defined by the Secretary, shall be guaranteed under this Act depending upon the number of applications, not less than ten percent and up to twenty percent of the loan guarantee fund shall be set aside for small businesses as defined by the Secretary.

In no event shall a single commercial provider be the sole beneficiary of loan guarantees available under the program.

(c) PRIVATE INSURANCE.—If the Secretary determines that other potential parties, as described in subparagraph (A), can provide adequate security, the Secretary, as a condition of processing or approving an application for a guarantee, may require that the obligor obtain private insurance with respect to a portion of the government’s risk of default by the obligor on the obligation, including both the amount of the obligation still outstanding and the accrued interest. Such private insurance may be funded from the proceeds of any obligation made by the Secretary under this Act and is not intended to provide adequate security. If the obligor fails to renew such private insurance on a timely basis, the Secretary may take such action as deemed necessary, with regard to the obligor, the United States, or the applicable insurance renewal, to ensure that the appropriate insurance renewal is obtained without delay.

(d) PLEDGE OF UNITED STATES.—The full faith and credit of the United States is pledged to the payment of all guarantees made under this Act with respect to both principal and interest, including interest, as may be provided for in the guarantee, accruing between the date of default under a guarantee and the date of payment in full of the guarantee.

(e) PROOF OF OBLIGATIONS.—Any guarantee, or commitment to guarantee, made by the Secretary under this Act shall be conclusive evidence of the legality of the obligations for such guarantee, and the validity of any guarantee, or commitment to guarantee, so made. A legal obligation hereunder shall be presumed, in the absence of proof to the contrary, to be a legal obligation available for the discharge of the Secretary under this Act.
(1) The Secretary shall in consultation with the private risk management industry and consistent with the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.)
(A) in accordance with this subsection a system of risk categories for obligations guaranteed under this Act, that categorizes the relative risk of guarantees made under this Act with respect to the risk factors set forth in paragraph (3); and
(B) determine for each of the risk categories a risk rate equivalent to the cost of obligations in the category, expressed as a percentage of the amount guaranteed under this Act for obligations in the category.
(2) Before making a guarantee under this section for an obligation, the Secretary shall apply the risk factors set forth in paragraph (3) to place the obligation in a risk category established under paragraph (1)(A).
(3) The risk factors referred to in paragraphs (1) and (2) are the following:
(A) The technical feasibility of the proposed venture and the magnitude of its projected overall space launch cost reduction;
(B) The period for which an obligation is to be guaranteed, such period not exceeding 12 years;
(C) The amount of obligations which are guaranteed or to be guaranteed, in relation to the Total Capital Requirement of the proposed venture;
(D) The financial condition of the applicant;
(E) The availability of private financing, including guarantees (other than the guarantees issued pursuant to this Act) and private insurance, for the proposed venture;
(F) The commercial and government utilization of each space transportation vehicle or other article to be financed by debt or loan guaranteed under this Act (including any contracts, letters of intent, or other expressions of agreement under which the applicant will provide launch services using a space transportation vehicle or other article financed by debt guaranteed pursuant to this Act);
(G) The adequacy of collateral provided in exchange for a guarantee issued pursuant to this Act;
(H) The management and operating experience of the applicant;
(I) The commercial viability of the business plan for the venture of the Obligor;
(J) The extent of private equity capital in the project;
(K) The extent to which the Obligor's plans for achieving a transition from Government-guaranteed financing to private financing;
(L) The likelihood that the venture would serve an identifiable national interest;
(M) The likelihood that the successful completion of the project would result in savings that would offset anticipated Government expenditures for space-related activities;
(N) The likelihood that the project will open a result in the development of significant new technologies;
(O) Other relevant criteria; and
(P) The amount of appropriated funds required by the Federal Credit Reform Act of 1990 in advance of the Secretary's issuance of a guarantee of an obligation, or a commitment to guarantee an obligation, may be provided, in whole or in part, by a non-Federal source and deposited by the Secretary in the financing account established under the Federal Credit Reform Act of 1990 for the purpose of satisfying the requirements of the Federal Credit Reform Act of 1990. These non-Federal source funds may be in lieu of or combined with Federal funds appropriated for the purpose of satisfying the requirements of the Federal Credit Reform Act of 1990. The non-Federal source funds deposited into that financing account shall be held and applied by the Secretary in accordance with the provisions of the Federal Credit Reform Act of 1990, in the same manner as that legislation controls the use and disposition of Federal funds. Non-Federal source funds shall be treated as Federal funds for all purposes, including any contract, letter of intent, or other expression of agreement under which the applicant will provide launch services using a space transportation vehicle or other article financed by debt guaranteed pursuant to this Act.

SEC. 105. ELIGIBILITY FOR GUARANTEE

(a) PURPOSE OF OBLIGATIONS.—Pursuant to the authority granted under section 104(a) of this Act, the Secretary, upon such terms as he shall prescribe, consistent with the provisions and purpose of the Act, may guarantee or make a commitment to guarantee, payment of the principal and interest on an obligation for the purpose of—
(1) Financing the Total Capital Requirement, as defined, of the DDT&E, construction, reconstruction, and maintenance costs of launching a space transportation vehicle with launch costs significantly below current levels;
(2) Financing the purchase, reconstruction, or conditioning of space transportation vehicles to achieve launch costs significantly below current levels for which obligations were guaranteed under this Act that, under the provisions of section 106 of this Act are to be paid to the DDT&E of the space transportation vehicles for which obligations were accelerated and paid and that have been repossessed by the Secretary or sold at foreclosure instituted by the Secretary;
(3) The risk factors referred to in paragraphs (1) and (2) are the following:
(A) The likelihood that the project will open a result in the development of significant new technologies;
(B) The period for which an obligation is to be guaranteed, such period not exceeding 12 years;
(C) The amount of obligations which are guaranteed or to be guaranteed, in relation to the Total Capital Requirement of the proposed venture;
(D) The financial condition of the applicant;
(E) The commercial and government utilization of each space transportation vehicle or other article to be financed by debt or loan guaranteed under this Act (including any contracts, letters of intent, or other expressions of agreement under which the applicant will provide launch services using a space transportation vehicle or other article financed by debt guaranteed pursuant to this Act);
(F) The adequacy of collateral provided in exchange for a guarantee issued pursuant to this Act;
(G) The management and operating experience of the applicant;
(H) The commercial viability of the business plan for the venture of the Obligor;
(I) The extent of private equity capital in the project;
(J) The extent to which the Obligor's plans for achieving a transition from Government-guaranteed financing to private financing;
(K) The likelihood that the successful completion of the project would result in savings that would offset anticipated Government expenditures for space-related activities;
(L) The likelihood that the project will open a result in the development of significant new technologies;
(M) The likelihood that the successful completion of the project would result in savings that would offset anticipated Government expenditures for space-related activities;
(N) The likelihood that the project will open a result in the development of significant new technologies;
(O) Other relevant criteria; and
(P) The amount of appropriated funds required by the Federal Credit Reform Act of 1990 in advance of the Secretary's issuance of a guarantee of an obligation, or a commitment to guarantee an obligation, may be provided, in whole or in part, by a non-Federal source and deposited by the Secretary in the financing account established under the Federal Credit Reform Act of 1990 for the purpose of satisfying the requirements of the Federal Credit Reform Act of 1990. These non-Federal source funds may be in lieu of or combined with Federal funds appropriated for the purpose of satisfying the requirements of the Federal Credit Reform Act of 1990. The non-Federal source funds deposited into that financing account shall be held and applied by the Secretary in accordance with the provisions of the Federal Credit Reform Act of 1990, in the same manner as that legislation controls the use and disposition of Federal funds. Non-Federal source funds shall be treated as Federal funds for all purposes, including any contract, letter of intent, or other expression of agreement under which the applicant will provide launch services using a space transportation vehicle or other article financed by debt guaranteed pursuant to this Act.

SEC. 106. DEFAULTS.

(a) If the Secretary makes a guarantee of an obligation under this Act or if the Secretary, upon such terms as he shall prescribe, consistent with the provisions and purpose of the Act, makes a commitment to guarantee an obligation under this Act or makes a commitment to guarantee a payment of the principal and interest on an obligation for the purpose of financing the Total Capital Requirement, as defined, of the DDT&E, construction, reconstruction, and maintenance costs of launching a space transportation vehicle with launch costs significantly below current levels, the Secretary may by written notice rescind the guarantee or commitment to guarantee or effect the payment to the obligor of the amounts of the principal and interest due under the guarantee or commitment to guarantee or consider the guarantee or commitment to guarantee as terminated.

SEC. 107. ADDITIONAL REQUIREMENTS.


(b) Provisions.—In any case, the Secretary shall, in determining the character of securities guarantees under this Act, for purposes of the provisions of the Securities Acts of 1933 and 1934, the corresponding provision of the Federal Credit Reform Act of 1990, 2 U.S.C. 661a et seq., and the Federal Credit Reform Act of 1990, 2 U.S.C. 661a et seq., and any regulations and orders issued thereunder, if any, that are in effect after the date of completion of the project, may disregard any provision of such Act or any regulation or order issued thereunder that is in effect after the date of completion of the project.

(c) Fees.—The Secretary may charge a fee for the filing of an application for loan guarantees under this Act. The Secretary may charge any other fee that is required to be approved by the Secretary under such Act or any regulation or order issued thereunder.

(d) Powers and Duties.—The Secretary may by rule or regulation prescribe any other provision with respect to the protection to the security of the United States Government, launch services to the targeted significantly reduced launch cost, or the prevailing commercial launch cost, which ever is lower.

(e) Extension of Credit.—The Secretary may extend credit on such terms and for such periods as he determines to be necessary to carry out the purposes of this Act.

(f) Additional Requirements.—Obligations guaranteed under this Act and agreements with respect to such obligations shall include such other provisions with respect to the protection to the security of the United States Government, as are necessary to carry out the purposes of this Act.

SEC. 108. DEFAULTS.

(a) Rights of Obligee.—In the event of a default, which has continued for thirty days, the Secretary, or his agent, may declare all the obligations due to him under the guarantee or commitment to guarantee to be immediately payable by the obligor of such guarantee or commitment in accordance with the terms and provisions thereof, as described in the written agreement, and may proceed against any securities held to secure the payment of the obligations due to him under such guarantee or commitment to guarantee. The Secretary, or his agent, may also, in the event of a default, which has continued for thirty days, declare all the obligations due to him under a guarantee or commitment to guarantee to be immediately payable by the obligor of such guarantee or commitment to guarantee, in accordance with the terms and provisions thereof, as described in the written agreement, and may proceed against any securities held to secure the payment of the obligations due to him under such guarantee or commitment to guarantee.
the obligor's rights and duties under the obligation and agreements and shall have made any payments in default), at or before the expiration of such period as may be specified in the guarantee or related agreements, but not later than ninety days from the date of such notice, payment by the Secretary of the unpaid principal amount of the obligation and unpaid interest thereon, or that such default has been remedied prior to any such demand.

(b) NOTICE OF DEFAULT.—In the event of a default under a mortgage, loan agreement, or other security agreement between the obligor and the Secretary, the Secretary may upon such notice as may be provided in the obligation or related agreement, either:

(1) assume the obligor's rights and duties under the agreement to make any payment in default, and notify the obligee or the obligee's agent the unpaid principal amount of the obligation and of the unpaid interest thereon to the date of payment; Provided, That the Secretary shall not be required to make such payment if prior to the expiration of said period the Secretary shall have found that there was no default by the obligor in the payment of principal or interest or that such default has been remedied prior to any such demand.

(2) NOTICE OF DEFAULT.ÐIn the event of a default under any guaranteed obligation and agreements to the obligee's rights and duties under the agreement, make any payment in default, and notify the obligee or the obligee's agent the unpaid principal amount of the obligation and of the unpaid interest thereon to the date of payment.

(c) TO COMPLETE, SELL OR OPERATE PROPERTY.—In the event of any payment or assumption by the Secretary under subsection (a) or (b), the Secretary shall have all rights in any security held by him relating to his guarantee of such obligations as are conferred upon him under any security agreement with the obligor. Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of property by the United States, the Secretary shall have the right, in his discretion, to complete, recondition, reconstruct, renovate, repair, maintain, operate, charter, or sell any property acquired by him pursuant to a security agreement with the obligor. The terms of the sale shall be as approved by the Secretary.

(d) BILL AGAINST OBLIGOR.—In the event of a default under any guaranteed obligation or any related agreement, the Secretary shall take such action against the obligor or any other parties liable thereunder that, in his discretion, may be required to protect the interests of the United States. Any suit may be brought in the name of the United States or in the name of any security holder and the obligee shall make available to the United States all records and evidence necessary to prosecute any such suit. The Secretary shall have the right, in his discretion, to accept a conveyance of Act to and possession of property from the obligor or other parties liable to the Secretary, and may purchase an amount not greater than the unpaid principal amount of such obligation and interest thereon. In the event that the Secretary shall receive through the sale of property an amount of cash in excess of the unpaid principal amount of the obligation and unpaid interest on the obligation and agreements, the excess of those amounts, the Secretary shall pay the excess to the obligor.

By Mr. CHAFEE (for himself, Mr. MOYNIHAN, Mr. WARNER, Mr. BOND, Mr. GRAHAM, and Mr. GORTON):

S. 470 provides to amended the Internal Revenue Code of 1986 to allow tax-exempt private activity bonds to be issued for highway infrastructure construction; to the Committee on Finance.

THE HIGHWAY INNOVATION AND COST SAVINGS ACT

Mr. CHAFEE. Mr. President today, I am introducing legislation which will allow the private sector to take a more active role in building and operating our highway infrastructure. The Highway innovation and Cost Savings Act will allow the private sector to gain access to tax-exempt bond financing for a limited number of highway projects. I am pleased that my distinguished colleagues Mr. MOYNIHAN, WARNER, BOND, GRAHAM, and GORTON have agreed to join me in this effort.

In the United States, highway and bridge infrastructure is the responsibility of the government. Governments build, own, and operate public highways, roads, and bridges. In many other countries, however, the private sector, and private capital, construct and operate important facilities. These countries have found that increasing the private sector's role in major highway transportation projects offers opportunities for construction cost savings and more efficient operation. They also open the doors to new construction techniques and technologies.

It is incumbent upon us to look at new and innovative ways to make the most of limited resources to address significant needs. To help meet the nation's infrastructure needs, we must take advantage of private sector resources by opening up avenues for the private sector to take the lead in designing, constructing, financing, and operating highway facilities. A substantial barrier to private sector participation in the provision of highway infrastructure is the cost of capital. Under current Federal tax law, highways built and operated by the government are afforded tax-exempt debt, but those built and operated by the private sector, or those with substantial private sector participation, cannot. As a result, public/private partnerships in the provision of highway facilities are unlikely to materialize, despite the potential efficiencies in design, construction, and operation offered by such arrangements.

To increase the amount of private sector participation in the provision of highway infrastructure, the tax code's bias against private sector participation must be addressed.

The Highway Innovation and Cost Savings Act creates a pilot program aimed at encouraging the private sector to help meet the transportation infrastructure needs for the 21st Century. It makes tax exempt financing available for a total of 15 highway privatization projects. The fifteen projects had a total face value of bonds that can be issued under this program is limited to 15 billion dollars.

The fifteen projects authorized under the program will be selected by the Secretary of Transportation, in consultation with the Secretary of the Treasury. To qualify under this program, projects selected must: serve the general public; assist in evaluating the potential of the private sector's participation in the provision, maintenance, and operation of the highway infrastructure of the United States; be on publicly-owned rights-of-way; revert to public ownership; and, come from a state's 20-year transportation plan. These criteria ensure that the projects selected meet each of the House's broad transportation goals.

This proposal was included in the Senate's version of last year's transportation reauthorization bill. Unfortunately, it was dropped during the conference with the House.

The bonds issued under this pilot program will be subject to the rules and regulations governing private activity bonds. Moreover, the bonds issued under the program will not count against a state's tax exempt volume credit.

This legislation has been endorsed by Project America, a coalition dedicated to improving our nation's infrastructure, the American Consulting Engineers Council, the Bond Market Association, the American Road and Transportation Builders Association, the Institute of Transportation Engineers, and the ITS America.

I hope that this bill can be one in a series of new approaches to meeting our substantial transportation infrastructure needs and will be one of the approaches that will help us find more efficient methods to design and to build the nation's transportation infrastructure.

I encourage my colleagues to join me as cosponsors of this important initiative.

Mr. President, I ask unanimous consent that the text and a description of the bill be printed into the RECORD. There being no objection, the items were ordered to be printed in the RECORD, as follows:

S. 470

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 “Highway Innovation and Cost Savings Act”.

SEC. 2. TAX-EXEMPT FINANCING OF QUALIFIED HIGHWAY INFRASTRUCTURE CONSTRUCTION.

(a) TREATMENT AS EXEMPT FACILITY BOND.—A bond described in subsection (b) shall be treated as described in section 141(e)(1)(A) of the Internal Revenue Code of
The U.S. Department of Transportation estimates a substantial shortfall in funding for meeting our highway and bridge infrastructure needs, even with the increased investment levels under TEA 21. Closing the gap will require full access to private capital as well as government.

Existing tax laws discourage private investment in highway infrastructure by making lower cost tax-exempt financing unavailable for projects that require equity investment and private management and operating contracts.

Today, U.S. companies, which have invested billions of dollars in foreign infrastructure projects, have participated in only a few such projects in the United States. This pilot project will demonstrate the benefits of bringing the full resources of the private sector to bear on solving our nation’s transportation needs for the 21st century.

Increasing the private-sector’s role in major transportation projects offers opportunities for construction cost savings and more efficient operation, as well as opening the door for new construction techniques and technologies.

A substantial barrier to private-sector participation in the provision of highway infrastructure is that under current Federal tax law, highways built and operated by government can be financed using tax-exempt financing but those built and operated by the private sector cannot. As a result, public/private partnerships in the provision of highway facilities are unlikely to materialize, despite the potential efficiencies in design, construction, and operation offered by such arrangements.

To increase the amount of private-sector participation in the provision of highway infrastructure, this Act designates as private-sector eligible the projects and, or, the benefits that the private-sector can bring to infrastructure development will never be fully realized.

Highways, bridges, and tunnels are the only major category of public infrastructure investment where projects involving private participation (commonly referred to as private-activity bonds) are denied access to tax-exempt debt financing. See Attachment.

PILOT PROGRAM UNDER HICSA
Tax-exempt funding to 15 projects is made available under this pilot program.

The aggregate amount of bonds issued under this program is limited to $5 billion. Project pilots are selected by the Secretary of Transportation, in consultation with the Secretary of the Treasury, based on the following criteria: the project must serve the general public; the project must be necessary to the evaluation of highway construction and operation offered by such arrangements; the project must be publicly owned or the ownership of the highway constructed or reconstructed under the project must revert to the public; the project must be consistent with a transportation plan developed pursuant to TEA 21(b) and the criteria necessary for the eligibility of the projects shall be pilot projects eligible for tax-exempt financing.

SUMMARY OF HIGHWAY INNOVATION AND COST SAVINGS ACT

The Distinguished Chairman of the Environment and Public Works Committee and I worked very hard to develop and implement an innovative financing program called Transportation Infrastructure Finance and Innovation Act (TIFIA). TIFIA was incorporated into TEA 21 and is now being implemented by the United States Department of Transportation. The program by affording them a share in the project’s net returns.

Projects will be subject to applicable environmental requirements, prevailing state design and construction standards, on delayed time schedules, without contribution of private equity capital and without transferring to the private sector long-term operating and maintenance risk.

Mr. GRAHAM. Mr. President, I am pleased to join my colleagues to introduce the Highway Innovation and Cost Savings Act of 1998. TEA 21 established many new programs, and a new budget treatment for highways. Throughout the debate on TEA 21, I always focused on one goal: to be able to promise my constituents that by 2003, the last year of TEA 21, our roads and bridges would be in better shape than they are today.

In 1991, when ISTEA passed, I was not able to make that pledge, because I knew that the United States Department of Transportation had already estimated that the level of funding in the ISTEA bill would not close the gap between highway needs and money to meet those needs.

TEA 21 was a landmark piece of legislation. TEA 21 established a new budget category for funding the highway program which calls for funding levels each year to make up for the deficit of funds we have been taxing the year prior. This will be the first year we test the philosophy that we can commit to spending user fees exclusively to keep up the system. Unfortunately, this amount of funding is still not enough to maintain the quality of roads in Florida or any other state. Traditional grant programs will not be able to ever meet the infrastructure needs of the nation. We must look at innovative solutions to finance infrastructure problems. We need to use innovative methods to finance construction projects. We need to get the private sector involved in transportation improvements.

Facility:  
Governmental  
Private activity  

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<th>Highways &amp; Bridges</th>
<th>Mass Transit</th>
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In the absence of this program, state and local governments could still build these projects with conventional tax-exempt financing, but at greater cost, on delayed time schedules, without contribution of private equity capital and without transferring to the private sector long-term operating and maintenance risk.

TAX-EXEMPT BONDS FOR INFRASTRUCTURE

The Secretary of Transportation, in consultation with the National Governors Association, shall select not more than 15 highway infrastructure projects to be eligible for tax-exempt financing.

The projects shall select not more than 15 highway infrastructure projects to be eligible for tax-exempt financing. Paragraph (B) of the following criteria is defined as the following criteria: the project must serve the general public; the project must be necessary to the evaluation of highway construction and operation offered by such arrangements; the project must be publicly owned or the ownership of the highway constructed or reconstructed under the project must revert to the public; the project must be consistent with a transportation plan developed pursuant to TEA 21(b) and the criteria necessary for the eligibility of pilot projects, the Secretary of Transportation shall include the following:

1. The project must serve the general public.
2. The project is necessary to evaluate the potential of the private sector’s participation in the provision, maintenance, and operation of the highway infrastructure of the United States.
3. The project must be located on publicly-owned rights-of-way.
4. The project must be publicly owned or the ownership of the highway constructed or reconstructed under the project must revert to the public.
5. The project must be consistent with a transportation plan developed pursuant to section 134(g) or 135(e) of title 23, United States Code.
6. The aggregate face amount of bonds issued pursuant to this section shall not exceed $5,000,000,000, determined on a project-by-project basis, the proceeds of which are used exclusively to refund (other than to advance refund) a bond issued pursuant to this section (or a bond which is a part of a series of refunding of a bond so issued) if the amount of the refunding bond does not exceed the outstanding amount of the refunded bond.
7. The aggregate face amount of bonds issued pursuant to this section shall not exceed $5,000,000,000, determined on a project-by-project basis, the proceeds of which are used exclusively to refund (other than to advance refund) a bond issued pursuant to this section (or a bond which is a part of a series of refunding of a bond so issued) if the amount of the refunding bond does not exceed the outstanding amount of the refunded bond.
8. The project may only provide access to private activity bonds (including design-build and design-build-operate-maintain contracting, shortening construction schedules, reducing carrying costs, transferring greater construction and operating risk to the private sector, and obtaining from contractors long-term warranties and operating guarantees.

In 1991, when ISTEA passed, I was not able to make that pledge, because I knew that the United States Department of Transportation had already estimated that the level of funding in the ISTEA bill would not close the gap between highway needs and money to meet those needs.

TEA 21 was a landmark piece of legislation. TEA 21 established a new budget category for funding the highway program which calls for funding levels each year to make up for the deficit of funds we have been taxing the year prior. This will be the first year we test the philosophy that we can commit to spending user fees exclusively to keep up the system. Unfortunately, this amount of funding is still not enough to maintain the quality of roads in Florida or any other state. Traditional grant programs will not be able to ever meet the infrastructure needs of the nation. We must look at innovative solutions to finance infrastructure problems. We need to use innovative methods to finance construction projects. We need to get the private sector involved in transportation improvements.

This pilot program will demonstrate the benefits of bringing the full resources of the private sector to bear on solving our own nation’s transportation needs for the 21st century.
CONGRESSIONAL RECORD – SENATE

February 25, 1999

S2017

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. JEFFORDS, MS. COLLINS, Mr. COCHRAN, and Mr. ABRAHAM):

S. 471. A bill to amend the Internal Revenue Code of 1986 to eliminate the sixty payment restrictions on student loan interest deductions; to the Committee on Finance.

LEGISLATION TO EXPAND THE TAX DEDUCTION FOR STUDENT LOAN INTEREST

Mr. GRASSLEY. Mr. President, today I am introducing legislation to expand the tax deduction for student loan interest. Senators BAUCUS, JEFFORDS, COLLINS, COCHRAN and ABRAHAM are joining me in introducing this legislation.

Under the Tax Reform Act of 1986, the tax deduction for student loan interest was eliminated. This action, done in the name of fiscal responsibility, blatantly disregarded the duty we owe to the education of our nation’s students. This struck me and many of my colleagues as wrong. Since 1987, I have spearheaded the bipartisan effort to reinstate the tax deduction for student loan interest. Under the Taxpayer Relief Act of 1997, we succeeded in passing the legislation to reinstate the deduction, only to have it vetoed as part of a larger bill with tax increases. Finally, after ten long years, our determination and perseverance paid off. Under the Taxpayer Relief Act of 1997, we succeeded in reinstating the deduction. In our success, we sent a clear message to students and their families across the country that the Congress of the United States understands the financial hardships they face, and that we are willing to assist them in easing those hardships so they can receive the education they need.

In 1997 we took steps in the right direction, and did what had to be done. Regrettably, due to fiscal constraints, we were not able to go as far as we wanted to go. The nation was still in a fiscal crisis at that time. In order to control costs, we were forced to limit the deductibility of student loan interest to only seven payments, which is equivalent to five years plus time spent in forbearance or deferment. This restriction hurts some of the most needy borrowers. Many of these borrowers are students who, due to limited means, have borrowed most heavily. The restriction discriminates against those who have the highest debt loads and lowest incomes. It makes the American dream harder to achieve for those struggling to pull themselves up—for those who started with less. It is unjust.

Today, our situation is vastly different. In these times of economic vitality and budget surplus, we have a responsibility to act to do before. Student debt is rising to alarming levels, and additional relief must be provided. We must eliminate the sixty month restriction on the deductibility of student loan interest and show that the United States Congress stands behind all of our nation’s students in their endeavors to better themselves.

Eliminating the sixty payment restriction will bring needed relief to some of the most deserving borrowers. The restriction weighs heavily on those who, despite lower pay, have decided to dedicate themselves to a career in public service. We will be rewarding civic virtue as we provide relief to these admirable citizens.

Additionally, eliminating this restriction will eliminate difficult and costly reporting requirements that are currently required for both borrowers and lenders. In supporting our nation’s students, we will also be cutting costly bureaucracy.

Currently, to claim the deduction, the taxpayer must have an adjusted gross income of $40,000 or less, or $60,000 for married couples. The amount of the deduction is gradually phased out for those with incomes between $40,000 and $55,000, or $60,000 and $75,000 for married couples. Additionally, the deduction itself was phased in at $1,000, and will cap out at $2,500 in 2002.

Many in our country are suffering from excessive student debt. More can and must be done to help them. In this time of economic plenty, it is our duty to invest in our students’ education. Doing so is an investment in America’s future. To maintain competitiveness in the global marketplace, America must have a well-educated workforce. By eliminating the sixty payment restriction on the deductibility of student loan interest we recommit ourselves to education and to maintaining the position of this country at the pinnacle of the free world.

The administration supports this direction as well. In his 2000 budget, President Clinton has proposed to eliminate the sixty payment restriction on the deductibility of student loan interest, starting after 1999. Our legislation takes a more fair and inclusive approach by including payments from 1997 and 1998, which the administration leaves out.

I urge members to join us in this effort to relieve the excessive burdens on those trying to better themselves and their families through education by expanding the tax deduction for student loan interest payments.

By Mr. GRASSLEY (for himself, Mr. REID, Mr. CONRAD, Mr. HOLLINGS, Mr. JOHNSON, Mr. DURBIN, MS. COLLINS, MR. DASCHLE, and Mr. DORGAN):

S. 472. A bill to amend title XVIII of the Social Security Act to provide certain Medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under part B of the Medicare program, and for other purposes; to the Committee on Finance.

THE MEDICARE REHABILITATION BENEFIT IMPROVEMENT ACT OF 1999

Mr. GRASSLEY. Mr. President, I rise today to introduce the Medicare Rehabilitation Benefit Improvement Act of
1999 with my colleague, Senator Reid. This legislation will enable seniors to receive medically necessary rehabilitative services based on their condition and health and not on arbitrary payment limits. We introduced similar legislation last Congress. The Balanced Budget Act (BBA) of 1997 is a very important accomplishment and one that I am proud to say I supported. However, in our rush to save the Medicare Trust Fund from bankruptcy, Congress neglected to thoroughly evaluate the impact the new payment limits on rehabilitative services would have on Medicare beneficiaries.

The BBA included a $1500 cap on occupational, physical and speech-language pathology therapy services received outside a hospital setting. This provision became effective January 1, 1999, and after just 31 days of implementation, an estimated one in four beneficiaries had exhausted half of their yearly benefit. According to a recent study, these limitations on services will harm almost 13 percent or 750,000 Medicare beneficiaries because these individuals will exceed the cap. While many seniors will not need services that would cause them to exceed the $1500 cap, others, like stroke victims and patients with Parkinson’s disease, will likely need services beyond what the arbitrary caps will cover. Unfortunately, it is those beneficiaries who need rehabilitative care the most who will be penalized by being forced to pay the entire cost for these services outside of a hospital setting.

The bill I am introducing would establish certain exceptions to the $1500 cap, for beneficiaries who have medical needs that require more intensive treatment than this benefit limit would allow. The Secretary of the Department of Health and Human Services would be required to implement the exceptions providers are required to demonstrate medical necessity based on the criteria outlined in the bill. In essence, the bill attempts to accomplish the primary goal of the $1500 cap, budgetary savings, but without harming the Medicare beneficiary. Payment is based on the patient’s condition and not on an arbitrary monetary amount. Help us provide access to services for those beneficiaries who will need these services or risk further complications, establish a system that makes sense, and still achieve the budget savings sought from the BBA without reducing Medicare benefits.

Please join me and my colleagues in passing this legislation.

Mr. President, I ask unanimous consent that the text of the bill and additional materials be printed in the Record.

S. 472

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 “Medicare Rehabilitation Benefit Improvement Act of 1999”.

SEC. 2. PURPOSES.

The purposes of this Act are as follows:

(1) To provide certain Medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)).

(2) To direct the Secretary of Health and Human Services to conduct a study on the implementation of such exemption and to submit a report to Congress that includes recommendations regarding alternatives to such financial limitations.

SEC. 3. ESTABLISHMENT OF EXEMPTION TO CAP ON PHYSICAL, SPEECH-LANGUAGE PATHOLOGY, AND OCCUPATIONAL THERAPY SERVICES.

(a) IN GENERAL.—Section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) is amended by adding at the end the following:

"(4) (A) The limitations in this subsection shall not apply to an individual described in subparagraph (B).

"(B) An individual described in this subparagraph is an individual that meets any of the following criteria:

"(i) The individual has received services described in paragraph (1) or (3) in a calendar year and is subsequently diagnosed with an additional physical, speech-language pathology, or occupational therapy service for which the provision in such year of additional such services that are medically necessary.

"(ii) The individual has a diagnosis that requires the provision of services described in paragraph (1) or (3) and an additional diagnosis or incident that exacerbates the individual’s condition, thereby requiring the provision of additional such services.

"(iii) The individual will require hospitalization if the individual does not receive the services described in paragraph (1) or (3).

"(iv) The individual meets other criteria that the Secretary determines are appropriate.

(C) Nothing in this paragraph shall be construed as affecting any requirement for, or limitation on, payment under this title (other than the financial limitation under this subsection).

(D) Any service that is covered under this title by reason of this paragraph shall be subject to the same reasonable and necessary requirements under section 1833(g) that is applicable to the services described in paragraph (1) or (3) that are covered under this title without regard to this paragraph.

(b) CONFORMING AMENDMENTS.—Paragraphs (1) and (3) of section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) are each amended by striking ‘‘In the case” and inserting ‘‘Subject to paragraph (4), in the case”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services provided on or after the date of enactment of this Act.

SEC. 4. STUDY AND REPORT TO CONGRESS.

(a) STUDY.—The Secretary of Health and Human Services shall conduct a study on the amendments to section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) made by section 3 of this Act, including a study of—

(1) the number of Medicare beneficiaries that receive exemptions under paragraph (4) of such section (as added by section 3);

(2) the diagnoses of such beneficiaries;

(3) the types of speech-language pathology, and occupational therapy services that are covered under the medicare program because of such exemptions;

(4) the settings in which such services are provided; and

(5) the number of Medicare beneficiaries that reach the financial limitation under section 1833(g) of the Social Security Act in a year (without regard to the amendments to such section made by section 3 of this Act) and subsequently receive physical, speech-language pathology, or occupational therapy services in such year at an outpatient hospital department.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary of Health and Human Services shall submit a report to Congress that includes a detailed study on the study conducted pursuant to paragraph (1), and shall include in the report recommendations regarding alternatives to the financial limitations on physical, speech-language pathology, and occupational therapy services under section 1833(g) of the Social Security Act and any other recommendations determined appropriate by the Secretary. Such report shall be included in the report required to be submitted to Congress pursuant to section 454(c)(2) of the Balanced Budget Act of 1997 (42 U.S.C. 1395r note).

MEDIARE REHABILITATION BENEFIT IMPROVEMENT ACT OF 1999—SUMMARY

This bill will provide certain Medicare beneficiaries with an exemption based on medical necessity to the financial limitation imposed on physical, speech-language pathology, and occupational therapy services under part B of the Medicare program. It will also direct the Secretary of Health and Human Services (HHS) to conduct a study on the implementation of such an exemption, and then submit a report to Congress that includes recommendations regarding alternatives to such financial limitations.

The Balanced Budget Act (BBA) of 1997 imposed a $1500 cap on all therapy effective January 1, 1999. There is a combined $1500 cap for physical and speech-language pathology and a separate $1500 cap on occupational therapy services received outside a hospital setting. An estimated 750,000 beneficiaries will reach the cap this year. These patients may be victims of stroke, brain-injury, or many other serious conditions requiring additional services.

This bill establishes certain criteria in order for Medicare beneficiaries to be eligible for an exemption to the $1500 cap and allows the Secretary of HHS to establish additional criteria if necessary. The criteria include:

(1) the beneficiary must be diagnosed with an illness, injury, or disability that requires additional physical, speech-language pathology or occupational therapy services, or the additional services are medically necessary in a calendar year, or

(2) the beneficiary has a diagnosis that requires such therapy services and has an additional diagnosis or incident that exacerbates his/her condition (i.e: diabetes), which would require more services,

(3) the beneficiary will require hospitalization if he/she does not receive the necessary therapy services, or

(4) the beneficiary meets other requirements determined by the Secretary of HHS.

The bill also requires the Secretary of HHS to conduct a study two years after the date of enactment of this Act. This study will include:

(1) the number of Medicare beneficiaries that receive exemptions to the cap;

(2) the diagnoses of the beneficiaries;

(3) the types of therapy services that are covered due to such exemptions;

(4) the settings in which services are provided; and

(5) the number of beneficiaries that reach the $1500 cap.

AMERICAN SPEECH-LANGUAGE-HEARING ASSOCIATION,
(ASHA) is pleased to support the “Medicare Rehabilitation Benefit Improvement Act of 1999.” ASHA is the professional and scientific organization of more than 90,000 speech-language pathologists, audiologists, and speech, language, hearing scientists. Our members provide services in a number of practice settings, including hospitals, clinics, private practice, and home health agencies.

There is a clear need for exemptions from the Medicare financial limitations for beneficiaries receiving outpatient rehabilitation services. Since the provision went into effect on January 1, 1999, ASHA has received numerous calls and letters of concern from our members regarding the problems created by the financial limitation. Patients are actually paying necessary treatment costs for fear that they may have a more acute episode or injury later in the year and want to keep their $1500 “banked” for such a possibility. Essentially, the cap’s arbitrary limit is indirectly forcing patients to inappropriately ration needed care that we believe will ultimately cost the Medicare program more.

A patient who requires both speech-language pathology services and physical therapy may have adequate funding for the speech-language pathology services, the patient may not have sufficient funding for the physical therapy and speech-language pathology treatment. Conversely, the patient who selects physical therapy may have adequate funding for the speech-language pathology services. A situation arises when the patient receives only rehabilitation services concurrently covered in the programs for both. An inadequate because the financial limitation is not sufficient for receipt of both health care services.

I am enclosing a copy of a letter addressed to Congress that ASHA received early this year from a family member whose mother is suffering from a range of conditions including cerebral palsy and other serious conditions that require extensive rehabilitation may not be able to access the care they require to resume normal activities of daily living due to the present limitation on coverage. Enactment of your legislation provides the Secretary of the U.S. Department of Health and Human Services the authority to establish exceptions to the present $1,500 cap for patients with conditions that would likely exceed such a limitation on coverage.

APTA maintains concern with the impact this limitation on services will have on Medicare beneficiaries who require physical therapy treatment. Senior citizens and disabled citizens eligible for Medicare benefits suffering from a range of conditions including cerebral palsy and other serious conditions that require extensive rehabilitation may not be able to access the care they require to resume normal activities of daily living due to the present limitation on coverage. Enactment of your legislation provides the Secretary of the U.S. Department of Health and Human Services the authority to establish exceptions to the present $1,500 cap for patients with conditions that would likely exceed such a limitation on coverage.

APTA applauds the inclusion of this provision.

APTA maintains concern that the $1,500 cap is completely arbitrary and bears no relation to the medical condition of the patient nor the beneficiary's choice of care giver. Under the present statute, beneficiaries who have exceeded their cap in need of additional rehabilitation services are restricted from receiving care from facilities other than out-patient rehabilitation facilities, and physical therapy is a distinct and separate benefit of Medicare. The enactment of your legislation provides the Secretary of Health and Human Services the authority to establish exceptions to the present $1,500 cap for Medicare beneficiaries who require multiple episodes of care in a given calendar year for services that are deemed medically necessary.

APTA applauds the inclusion of this provision.

I am writing to urge your leadership in introducing the “Medicare Rehabilitation Benefit Improvement Act of 1999.”

Sincerely,

CAROL ELLER MCCAFFREY

AMERICAN PHYSICAL THERAPY ASSOCIATION

Hon. Charles Grassley,
Chairman, Senate Special Committee on Aging, Washington, D.C.

Chairman Grassley:

January 1, 1999.

HONORABLE CONGRESSIONAL LEADERS: I am not a professional in the medical world nor

am I very knowledgeable about the logistics of medicare. I am the daughter of an 87 year old woman whose brain stem stroke left her unable to swallow or speak well and weakened her right side. The quality of life will suffer greatly with the $1500 medicare gap.

With them help of our speech and physical therapists, Mother has come a long way. Although she still doesn't speak well, she eats normal food in the dining room with fellow residents. Mother has a problem with thin liquids that causes choking and probable aspiration. A new treatment called Deep Pharyngeal Neuromuscular Stimulation (DPNS) is being taught; our speech therapist has trained Mother in this. Her feeding tube which we have left intact for these emergencies. Taking away the very important DPNS therapy causes the need for more nursing care. Life quality of life is “down the tubes” when mother is unable to eat and drink comfortably.

Mom also needs continual assertive physical therapy to keep her strong enough until the guidelines, even before the medical cap, require a decrease in her function to qualify for treatment. So, periodically, as Mother weakens in her therapies. This seems backwards to me. I thought that as a nation, we were making great strides in the care of our elderly and disabled. In my opinion, to take away a benefit backslide. Does the left hand of the government know what the right hand is doing? And look who’s suffering? Obviously those making the rules have not had personal experiences in this area.

The paperwork for all medical personnel is already overwhelming. Our professionals are spending more time with paper than with patients! All this, I presume, to try and thwart cheaters. I feel the cheaters are the minority and it all comes down to punishing the patients.

You are smart people. Come up with a reasonable way to deal with this situation without losing a benefit of what is truly important to the patients.

Private pay is exorbitant—Have you checked? There is no way normal families can take up where medicare leaves off. Please, rethink this decision to cap medicare part B benefits. It is, after all, this particular generation who have supported the US Government through thick and thin. Don’t let them down, visit nursing home/护理 facilities. Speak with hard working, caring therapists and the red, white, and blue Americans who need your help. It is in your own best interests ** you’ll be there yourself one day.

Sincerely,

DONNA GEFNNER
President.

As you know, section 4544(c) of the Balanced Budget Act of 1997 imposes annual caps of $1,500 per beneficiary on all outpatient rehabilitation services except those furnished in a hospital outpatient department. The new law has been interpreted to mean that there are two separate caps for physical therapy and speech-language pathology services and a separate $1,500 cap for occupational therapy services. These limits are effective for services rendered on or after January 1, 1999.

APTA maintains concern with the impact this limitation on services will have on Medicare beneficiaries who require physical therapy treatment. Senior citizens and disabled citizens eligible for Medicare benefits suffering from a range of conditions including cerebral palsy and other serious conditions that require extensive rehabilitation may not be able to access the care they require to resume normal activities of daily living due to the present limitation on coverage. Enactment of your legislation provides the Secretary of the U.S. Department of Health and Human Services the authority to establish exceptions to the present $1,500 cap for patients with conditions that would likely exceed such a limitation on coverage.

APTA applauds the inclusion of this provision.

APTA maintains concern that the $1,500 cap is completely arbitrary and bears no relation to the medical condition of the patient nor the beneficiary’s choice of care giver. Under the present statute, beneficiaries who have exceeded their cap in need of additional rehabilitation services are restricted from receiving care from facilities other than out-patient rehabilitation facilities, and physical therapy and speech-language pathology under the same $1,500 cap for Medicare beneficiaries. Our professionals are spending more time with paper than with patients! All this, I presume, to try and thwart cheaters. I feel the cheaters are the minority and it all comes down to punishing the patients.

You are smart people. Come up with a reasonable way to deal with this situation without losing a benefit of what is truly important to the patients.

Private pay is exorbitant—Have you checked? There is no way normal families can take up where medicare leaves off. Please, rethink this decision to cap medicare part B benefits. It is, after all, this particular generation who have supported the US Government through thick and thin. Don’t let them down, visit nursing home/护理 facilities. Speak with hard working, caring therapists and the red, white, and blue Americans who need your help. It is in your own best interests ** you’ll be there yourself one day.

Sincerely,

CAROL ELLER MCCAFFREY

AMERICAN PHYSICAL THERAPY ASSOCIATION

Hon. Charles Grassley,
Chairman, Senate Special Committee on Aging, Washington, D.C.

Chairman Grassley:

January 1, 1999.

HONORABLE CONGRESSIONAL LEADERS: I am not a professional in the medical world nor
Physical therapists across Iowa and the nation applaud your leadership on this important issue. Passage of the Medicare Rehabilitation Benefit Improvement Act of 1999 can ensure that patients in need of outpatient physical therapy services receive appropriate care in the setting of their choice without the fear of exceeding their coverage. APTA stands ready to assist you in any way possible to ensure that this critical proposal be enacted.

Sincerely,  
NANCY GARLAND,  
Director of Government Affairs.  

AMERICAN HEALTH CARE ASSOCIATION,  

Hon. CHARLES GRASSLEY,  
Dirksen Senate Office Building,  
Washington, DC.

DEAR SENATOR GRASSLEY: On behalf of the American Health Care Association, long term care providers, and those for whom we provide care, I’m writing you to commend you on your leadership in introducing legislation designed to protect America’s most frail and elderly from the adverse effects of arbitrary cuts in medical services.

One of the provisions contained in the 1997 Balanced Budget Act (BBA) has the potential to harm senior citizens who rely on Medicare for their health care needs. Congress changed Medicare by imposing arbitrary annual limits of $1500 for outpatient rehabilitation services. This includes a $1500 cap on occupational therapy, a $1500 cap on physical therapy and speech-language-pathology combined. Arbitrary caps do not reflect the real rehabilitation needs of Medicare beneficiaries and target the sick, the elderly, and most vulnerable.

Your efforts will protect senior citizens suffering from common medical conditions such as strokes, spinal cord injuries, extensive fractures, severe burns, or diseases such as Parkinson’s or multiple sclerosis. These are seniors who have had hip replacements and an extensive therapy to receive the treatment which the Medicare coverage criteria guarantee them.

AOTA has been very concerned that individuals suffering from severe strokes, spinal cord injury, traumatic brain injury, extensive fractures, severe burns, or diseases such as Parkinson’s or multiple sclerosis who require additional therapy services before the rehabilitation process is completed. Your bill will allow for these and other individuals to have access to appropriate therapies.

Your efforts will move policy forward and establish some necessary protections for Medicare beneficiaries. We applaud your efforts to ameliorate the impacts of this unwise policy.

We look forward to working with you as the legislation moves through the legislative process. Please contact me if I can be of further assistance.

Sincerely,  
CHRISTINA A. METZLER,  
Director, Federal Affairs Department.

NATIONAL ASSOCIATION OF REHABILITATION AGENCIES,  

CHARLES E. GRASSLEY,  
Chairman, Senate Special Committee on Aging,  
U.S. Senate, Washington, DC.

DEAR CHAIRMAN GRASSLEY: The National Association of Rehabilitation Agencies (NARA) strongly supports your legislation to limit the amount on which Medicare will pay for outpatient rehabilitation services. The most pernicious aspect of the Balanced Budget Act of 1997 is the arbitrary $1500 cap on physical therapy, speech-language pathology, and occupational therapy services. This $1500 financial limitation on outpatient rehabilitation services, as established by the Balanced Budget Act of 1997, constitutes an arbitrary limit on the amount of services which a Medicare enrollee may receive. The caps bear no relation to the patient’s medical need for rehabilitation services nor the beneficial health outcomes which would flow from the provision of such services. The most pernicious aspect of the limitations is that it will deprive Medicare patients who are most in need of rehabilitation——e. g. stroke victims and those suffering from traumatic brain injury——of the very care they require.

We applaud your leadership in introducing the Medicare Rehabilitation Benefit Improvement Act of 1999. Your legislation is a workable and realistic solution to many of the patient care and access problems caused by the $1500 limitations. NARA’s members are deeply appreciative of the time and effort which you and your staff have expended in developing the Medicare Rehabilitation Benefit Improvement Act of 1999. NARA pledges to work with you to ensure that this critical proposal becomes law.

Sincerely,  
LARRY FRONHEISER,  
President.

PRIVATE PRACTICE SECTION, AMERICAN PHYSICAL THERAPY ASSOCIATION,  

CHARLES E. GRASSLEY,  
Chairman, Senate Special Committee on Aging,  
U.S. Senate, Washington, DC.

DEAR CHAIRMAN GRASSLEY: The Private Practice Section of the American Physical Therapy Association has closely reviewed your proposed legislation, the Medicare Rehabilitation Benefit Improvement Act of 1999, and is pleased to express its support for this legislation.

The membership of the Private Practice Section is comprised of physical therapists in independent practice who, for many years, have been subject to a financial limitation on the amount which Medicare will pay for their services furnished to any Medicare beneficiary. The Section’s members understand all too well the harmful effects which the arbitrary $1500 caps will have on Medicare beneficiaries who require outpatient rehabilitation services. Your proposal is a sensible and practical approach to protecting those patients.

Your legislation is entirely consistent with the Private Practice Section’s goals and objectives for ensuring that Medicare beneficiaries have access to all necessary rehabilitation services. Accordingly, we are pleased to offer our support to help secure its enactment.

That you for your leadership on this essential piece of legislation.

Sincerely,  
LISA WADE,  
Chief Executive Officer.

NATIONAL ASSOCIATION FOR THE SUPPORT OF LONG TERM CARE,  

Hon. CHARLES E. GRASSLEY,  
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the National Association for the Support of Long Term Care (NASL), we applaud your leadership and your colleagues who have joined you in introducing this legislation, entitled the “Medicare Rehabilitation Benefit Improvement Act of 1999.” You have developed a rational, good policy that will help beneficiaries who would otherwise be limited in their availability of rehabilitation services.

The National Association for the Support of Long Term Care (NASL) is an organization that represents over 150 providers offering services in the long term care setting. We work daily with patients who need rehabilitation services and this limitation is hurting seniors access to services. There are seniors in America who are already reaching the cap and they need additional services that are medically necessary. These are seniors who have had strokes. These are seniors who have Parkinson’s disease. These are seniors who have had hip replacements and an additional illness. Similarly, we want to thank you for helping these patients get services that are medically necessary.

We are ready to help you share information about the adverse cut in benefits that was enacted in the BBA in 1997. We are certain that this was not the intent of the law—and now that it is implemented, seniors will be denied care. Your legislation will go a long way to ensure that the most disadvantaged and ill seniors will get the care that they need. The stroke patient that needs speech-language pathology to learn how to swallow will get care. The Parkinson’s patient who is learning how to walk with an exacerbating illness will get physical therapy in order to improve.

Again, we applaud your leadership and strongly support this legislation. Please feel free to call on us for support and help.

Sincerely yours,  
PETER CLENDENIN,  
Easter Seals,  
Office of Public Affairs,  

Hon. CHARLES E. GRASSLEY,  
Chairman, Senate Special Committee on Aging,  
Washington, DC.

DEAR MR. CHAIRMAN: Easter Seals is very pleased to support the introduction of the “Medicare Rehabilitation Benefit Improvement Act of 1999.” This legislation begins to eliminate damaging limitations on needed
The Balanced Budget Act of 1997 (BBA) created annual caps for two categories of therapy services provided to beneficiaries under Medicare Part B: a $1500 annual cap on physical therapy and speech-language pathology services, and a separate $1500 cap for occupational therapy. These arbitrary limits on rehabilitative therapy were hastily included in the BBA without the benefit of Congressional hearings or thorough review by the Health Care Financing Administration. As a result, the $1500 limit bears no relation to the medical condition of the patient, or the health outcomes of the rehabilitative services.

The $1500 caps would create serious access and quality problems for Medicare’s oldest and sickest beneficiaries. Senior citizens who suffer from common conditions such as stroke, hip fracture, and coronary artery disease, will not be able to obtain the rehabilitative services they need to resume normal activities of daily living. A stroke patient typically requires more than $3,000 in physical therapy alone. Rehabilitation therapy for a patient suffering from Multiple Sclerosis or ALS costs even more. Without access to outpatient therapy, patients may remain in institutional settings longer and be transferred to a higher cost hospital facility, or in some cases, just go without necessary services.

Coverage for rehabilitative therapy should be based on medically necessary treatment, not arbitrary spending limits that ignore a patient’s clinical needs. During the 105th Congress, I joined with Senator GRASSLEY to introduce legislation that would correct this problem. The “Medicare Rehabilitation Benefit Improvement Act of 1999” builds on our effort to ensure that all Medicare beneficiaries have access to the crucial therapy services they need.

Our bill establishes criteria by which Medicare beneficiaries would be eligible for an exemption from the $1500 cap. According to our bill, any beneficiary who would require hospitalization if he did not receive the necessary therapy services would be allowed to exceed the cap. Beneficiaries suffering from a diagnosis that requires therapy services and has an additional diagnosis that exacerbates this condition would also be eligible for therapy services above the $1500 limit. In addition, any beneficiary that is diagnosed with an illness, injury, or disability that requires additional physical, speech-language pathology, or occupational therapy services that are medically necessary will receive the therapy services he or she requires. Finally, our bill gives the Department of Health and Human Services Secretary the flexibility to establish additional criteria if necessary.

The $1500 therapy caps penalize our most frail and elderly citizens. Not only does allowing our seniors to have access to critical outpatient therapy services make sense, it is the right thing to do. I urge you to join me in protecting Medicare’s most vulnerable beneficiaries by supporting the “Medicare Rehabilitation Benefit Improvement Act of 1999”.

By Mr. SCHUMER (for himself and Mr. MOYNIHAN):
S. 473. A bill to amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and interest on student loans; to the Committee on Finance.

MAKE COLLEGE AFFORDABLE ACT
By Mr. SCHUMER:
S. 474. A bill to amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education individual retirement accounts, and for other purposes; to the Committee on Finance.

SAVE FOR COLLEGE ACT
By Mr. SCHUMER:
S. 475. A bill to amend the Higher Education Act of 1965 to increase the amount of loan forgiveness for teachers; to the Committee on Health, Education, Labor, and Pensions.

TEACHERS LOAN FORGIVENESS ACT
By Mr. SCHUMER:
S. 476. A bill to enhance and protect retirement savings; to the Committee on Finance.

COMPREHENSIVE PENSION AND SECURITY RETIREMENT ACT
By Mr. SCHUMER:
S. 477. A bill to enhance competition among airlines and reduce airfares, and for other purposes; to the Committee on Commerce, Science, and Transportation.

AIRLINE COMPETITION ACT OF 1999
By Mr. SCHUMER:
S. 479. A bill to amend the Higher Education Act of 1986 to provide a credit for the purchase of a principal residence within an empowerment zone or enterprise community by a first-time homebuyer, to the Committee on Finance.

EMPOWERING COMMUNITIES LEGISLATION
By Mr. SCHUMER:
S. 479. A bill to amend the Empowering Communities Legislation of 1999 to encourage the American Indian and Alaska Native community to provide tax incentives; to the Committee on Finance.

EQUITY IN WOMEN’S HEALTH ACT
By Mr. SCHUMER:
S. 480. A bill to amend the Truth in Lending Act to protect consumers from certain unreasonable practices of creditors which result in higher fees or rates of interest for credit card holders, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

CREDIT CARD CONSUMER PROTECTION ACT OF 1999
By Mr. SCHUMER:
S. 481. A bill to amend the Credit Card Reform Act of 1999 to prohibit certain unreasonable practices of creditors which result in higher fees or rates of interest for credit card holders, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.
S. 481. A bill to increase penalties and strengthen enforcement of environmental crimes, and for other purposes; to the Committee on the Judiciary.

THE ENVIRONMENTAL CRIMES ACT

Mr. SCHUMER. Mr. President, today I am introducing my first bills as a United States Senator. I said over the last year that the picture that I want to keep at the forefront of my mind is that of families sitting around their kitchen table paying their bills, planning for retirement, affording a home, paying for college for their children, and discussing the quality of their local schools.

Today I am introducing my first bills for those families at the kitchen table. And let me tell you a little bit about these families. They are the same in Brooklyn and Buffalo, Mt. Vernon and Massapequa, Syracuse and Setauket.

They are living in a time of both overwhelming promise and overwhelming challenge.

The promise—the upside—is that America remains indisputably the preeminent economy in the world. The challenge—the downside—is that for most families there is a great deal of uncertainty about the future. They are concerned that forces beyond their control—rising costs, inferior schools, struggling communities—put them behind the eight-ball.

Their concern isn't so much that the U.S. economy will turn sour. It's that they, or their children, or their children's children may be washed aside in the economic tide. The families of Upstate New York have lived that reality for six years.

The nine bills that I am introducing today are designed to help families deal and thrive with the changing times of a global, competitive economy.

I am introducing two bills to make college affordable for working families. The Make College Affordable Act, which I am introducing with Senator MAYER, makes all college tuition tax deductible for families with less than $140,000 in income.

The Save for College Act allows families to contribute up to $2,000 per year in an education IRA that is tax-free when the money goes in and tax-free when it comes out so long as it is spent on college costs. Families earning up to $200,000 are eligible for the IRAs.

Let me make two points about these bills. Since 1980, the cost of attending college has increased at more than twice the rate of inflation and has risen even faster than health care. At the same time, the necessity of a college education is greater now than at any time in our history.

If our country is to remain economically strong and if we want families to be able to get ahead, then college—whether it's SUNY or NYU—must not be able to get ahead, then college—the most important investment decision we make.

The Make College Affordable Act and the Save for College Act will not cover. It also requires each credit to first time homebuyers in Enterprise Zones and Empowerment Communities. In New York, that includes the South Bronx, Harlem, and parts of Albany, Schenectady, Troy, Buffalo, Kingston, Newburgh, and Rochester.

Because women pay more for health care than men, the Equity in Women's Health Act bars any health plan from discriminating on the basis of gender or sexual orientation through their coverage options. It also requires each health plan to include a short prospectus to describe exactly what they will and will not cover.

To protect consumers, the Credit Card Consumer Protection Act of 1999 closes loopholes in existing law that allows credit card companies to offer low teaser rates that increase dramatically when the consumer fails to meet the terms of the introductory rate. And last, the Environmental Crimes Act increases fines and penalties for criminally negligent polluters and it also trains new personnel to investigate environmental crimes.

These are not all—but some of my priorities for the year. As I have said many times, my passion is legislatively helping people's lives better. With the impeachment over, I am anxious to get started on the issues that matter to New Yorkers and all Americans.

By Mr. ABRAHAM (for himself, Mr. LOTT, Mr. ASHCROFT, Mr. HELMS, Mr. INHOFE, Mr. BUNNING, Mr. DE WINE, Mr. COCHRAN, and Mr. MACK): S. 482. A bill to amend the Internal Revenue Code of 1986 to repeal the increase in the tax on the Social Security benefits to the Committee on Finance.

It is expensive to become a teacher. The pay is low. And we wonder why there is a shortage of young, eager, qualified teachers to educate our children. We must make the teaching profession more financially attractive to put excellence in the classrooms.

The Comprehensive Pension and Security Retirement Act makes all pensions portable. If you lose a job, if you take time off to raise a child, if you change jobs—your pension will stay with you and grow. Pension portability and reform is the most important retirement security issue next to Social Security.

Specifically for Upstate New York, with Senator MAYER, I am introducing the Airline Competition Act of 1999 to end predatory pricing and to direct the Transportation Department to grant take-off and landing slots to underserved airports within a 500 mile radius of New York. Monopolistic airfares in Rochester, Syracuse and Buffalo are slowly strangling the economy of Upstate America. I believe the days of sky-high airfares to these cities are numbered.

To rebuild struggling neighborhoods through homeownership I am introducing legislation to offer a $2,000 tax credit to first time homebuyers in Enterprise Zones and Empowerment Communities. In New York, that includes the South Bronx, Harlem, and parts of Albany, Schenectady, Troy, Buffalo, Kingston, Newburgh, and Rochester.

This tax increase is unfair. It penalizes seniors, it penalizes them for exactly the wrong reason—for saving to achieve security in their retirement. It also unfairly punishes seniors who have the capacity and choose to continue to work.

We are engaged, you know, in an important debate here in Congress, the debate over the future of our Social Security system. Republicans have joined with Democrats in pledging to set aside the entire Social Security trust fund surplus over the next 15 years, to shore up that system, to make certain it is available for the senior citizens both of today and tomorrow.

At such a time, with dire warnings of impending bankruptcies still ringing in our ears, it seems the last thing the face of these new income guidelines is to discourage people from work and saving for their retirement.

Wise Americans have always saved for their retirement. They have sought to be independent in their old age by working hard and by putting aside a portion of their income. Yet the 1993 tax increase proposed by the President and ultimately passed into law by the Congress changed the rules for these wise savers. After plans and investments had already been made, and ultimately passed into law by the Congress, the new administration increased the tax on Social Security recipients. It in large part produced an increase of 7.5 percent in the tax burden on America's seniors, and a federal tax that was more than double the 3.5 percent that the rest of that legislation imposed on other Americans.

This tax increase is unfair. It penalizes seniors, it penalizes them for exactly the wrong reason—for saving to achieve security in their retirement. It also unfairly punishes seniors who have the capacity and choose to continue to work.

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As we work to shore up Social Security, we must not allow the Federal Government to punish people for working and saving. We must not allow the Federal Government to tell people they might as well not save for retirement, that they must depend solely on Social Security benefits for their well-being once they retire.

What is more, we should not forget that the projected Federal budget surplus over the next 10 years alone is slated to reach approximately $2.565 trillion. We have agreed, wisely in my view, to save the bulk of this surplus to shore up Social Security. But surely, at a time when we foresee at least $787 billion in surpluses in addition to those earmarked for Social Security, the Federal Government can afford, in my judgment, to give seniors and those planning for their retirement the kind of tax relief they need to prepare for their futures and to keep our economy strong.

That means, in my view, that we must repeal this onerous tax hike for the sake of our seniors and for the sake of our economy as a whole. Discouraging savings has always been a recipe for economic disaster because it reduces the amount of money available for investment in new jobs and a growing economy.

Now is the time to reduce the extent to which Washington discourages savings. It is time to repeal this tax hike so we may increase savings, investment, and the financial security of our senior citizens.

Mr. President, this legislation has a simple purpose: It repeals the 1993 ill-considered Social Security tax hike returning our seniors to the position they were in prior to 1993.

It restores a modicum of fairness to our Byzantine tax structure and to our dealings with senior citizens. It is an important legislation for our seniors, for our Social Security system and for the future of our Nation, and I urge my colleagues’ strong support.

In my view, Mr. President, I think we should do everything possible to make it feasible for seniors, both today and especially in the future, to be able to live in retirement in a comfortable way and to not solely depend on the Social Security system. We know the burdens that system will take.

By discouraging savings during people’s working years, by discouraging people from continuing to work after they reach retirement age, we are actually undermining our chances of providing the kind of long-term income security that Americans deserve in their old age.

For that reason, we should, in my judgment, repeal this tax hike. We should make this a priority this year, and we should then couple that action with other action aimed at shoring up the Social Security system so it not only works for today’s seniors, but for the seniors of our future as well.

By Ms. SOWE (for herself, Mr. GRAHAM, and Mr. VOINOVICH):

S. 483. A bill to amend the Congressional Budget and Impoundment Control Act of 1974 to limit consideration of nonemergency matters in emergency legislation and permit matter that is extraneous to emergencies to be stricken from the calendar by a majority vote of the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have thirty days to be discharged.

SURPLUS PROTECTION ACT OF 1999

Ms. SOWE. Mr. President, I rise today, along with my friend and colleague from Florida, Senator GRAHAM, to introduce the “Surplus Protection Act of 1999”—legislation that will reform the budget process by tightening the manner in which emergency spending legislation is considered in the Senate. Not only will these reforms ensure that there is greater accountability in the emergency spending process, but they will allow the unified budget surplus we now enjoy will be protected from spending raids that are designed to circumvent the normal budget process—and that could undercut our ability to utilize the surplus for strengthening Social Security.

Mr. President, as my colleagues are aware, last year the federal government enjoyed its first balanced budget since 1969. To be precise, the federal government actually achieved a unified budget surplus of almost $85 billion in fiscal year 1998. According to the Congressional Budget Office (CBO), this surplus will not be a one time occurrence; rather, unified budget surpluses will continue to accrue during the next 10 years if CBO’s projections for economic growth, federal revenues, and federal spending hold true.

While the surplus is welcome news after decades of annual deficits and burgeoning debt, we must never forget how easily this additional assets can be squandered if we fail to be vigilant in protecting it. For too long, the federal government treated the budget like a credit card with an unlimited spending limit, and such bad habits—even if broken for a few years—can quickly return, especially when there is a surplus just burning a hole in the pocket of Congress and the President.

Therefore, in an effort to ensure the surplus is protected from future spending raids, we are offering legislation today that will crack down on arguably the most insidious manner in which budgetary spending limits and protections can be circumvented: the emergency spending designation. In light of the $21.4 billion in emergency spending that was contained in last year’s omnibus bill, the need to provide safeguards against the abuse of this provision—and the squandering of the surplus—could not be more clear.

Mr. President, the emergency spending designation is created for a very important reason. If a sudden, urgent, unforeseen, and temporary event occurs, the strict spending limits imposed in the budget resolution can be exceeded through the designation of that event as an “emergency.” This exception is understandable when considering that the hands of Congress and the Administration should not be tied when the pressing needs of our nation override the need for strict budget discipline.

For instance, recent earthquakes in California, floods in the Midwest, hurricanes in the South, and ice storms in the Northeast—which were devastating to my home state of Maine—are all examples of natural disasters that warranted the emergency designation because they were completely unexpected and unforeseen, and could not have been addressed in a timely manner through the regular budget process. By the same token, the tragic bombing in Oklahoma City is an example of an unexpected and unforeseeable event that also warranted emergency treatment.

Yet even as the emergency designation is necessary and warranted for these and other unexpected disasters, it can also be used as a major loophole by those who wish to circumvent the normal budget spending process. Rather than restricting the use of the emergency designation to only those bills or items that are truly unforeseen and urgent, some may use this designation to either fund programs or projects that are unrelated to their emergency nature, while others may use emergency bills to push through unrelated legislation or spending programs without the normal level of scrutiny provided in the normal legislative process.

For example, the omnibus bill adopted at the close of the 105th Congress contained $21.4 billion in emergency spending that came directly out of the surplus. While some of the provisions in that package undoubtedly deserved the emergency designation, several items were clearly not “emergency” and should have been included in the President’s budget at the beginning of the year. It should not have been designated an “emergency” simply to avoid the budget caps that ensure fiscal restraint.

Ultimately, regardless of the manner in which the emergency designation can be misused—whether it is to fund a military operation that has been ongoing for years, or to fast-track a piece of legislation that has no relationship to the emergency in question—it is a practice that we must stop.

The legislation we are offering today will do just that. Specifically, the bill ensures that emergency designations are subject to careful—but reasonable—scrutiny.
The first provision—which is patterned after the “Byrd Rule” that applies to reconciliation bills—will ensure that non-emergency items will not be attached to emergency spending bills by creating a point of order for striking the provision. Simply put, because emergency spending bills are often put on a “fast-track” to ensure rapid consideration, we should not allow non-emergency spending or legislative riders to be attached to these bills in an effort to avoid the normal deliberations we otherwise put in place. To waive this restriction, an affirmative vote by three-fifths of the members of the Senate would be required—a level that will be easily achieved for a true emergency.

The second provision—which is also patterned after the Byrd Rule—will ensure that the validity of any item that is designated as an emergency—in either an emergency spending bill or a non-emergency bill—can be challenged by the members of the Senate. The bottom line is that just because an item placed in a bill is given the emergency designation does not mean it deserves that designation—and this point of order will ensure that members agree that such designation is warranted.

As outlined earlier, the omnibus bill adopted at the close of the 105th Congress contained a variety of provisions that were debatable “emergencies”—in particular, the funding for troops in Bosnia because this cost was hard to define as necessary, sudden, or temporary. This point of order will ensure that such provisions do not avoid budget scrutiny, and that the surplus is protected for Social Security accordingly.

The final provision will ensure that any legislation that contains emergency spending will require a three-fifths vote for final passage. Because members may feel compelled to act quickly on bills that contain even a single item designated as an emergency, this provision will ensure that such bills do not slide through the regular legislative process without full consideration and without more than simple majority support. While the previous two points of order will prevent improper abuse of the emergency designation, this requirement will serve as a final safeguard in the process.

Mr. President, the bottom line is that although the emergency designation is a vitally important means of ensuring the unexpected needs of our nation can be addressed, it can also become a loophole that subverts budget discipline, drains our new-found surplus, and potentially impacts our ability to strengthen the Social Security program. But with proper safeguards put in place, we can ensure that this potential loophole is closed while still ensuring legitimate emergencies are addressed.

The legislation I am offering today along with Senator GRAHAM provides such thoughtful and reasonable safeguards, so I urge that my colleagues support the “Surplus Protection Act of 1999.”

Mr. GRAHAM. Mr. President, earlier today our colleague, Senator SNOWE of the State of Maine, introduced legislation, of which both I and Senator Voinovich are the cosponsors, relating to reforms in the emergency appropriations law. Mr. President, I would like to discuss the rationale for this legislation.

Mr. President, we received some good news just a few months ago. We learned that after 5 years of fiscal austerity and economic growth, we had transformed a $290-billion annual deficit into the first budget surplus in more than a generation.

I am dedicated to strengthening the nation’s long-term economic prospects through prudent fiscal policy. The discipline that helped us to create favorable economic, fiscal, demographic, and political conditions to address the long-term Social Security and Medicare care deficits will only ensure that many decades of aging of our population will be fully required if we are to meet these challenges. These deficits threaten to undo the hard work and fiscal discipline of recent years, as well as to undermine our potential for future economic growth.

But that success, the success that we had in converting a $290-billion annual deficit into this year’s surplus, did not give to Congress a license to return to the spend-asyou-please fiscal discipline of the past. That absence of license is especially true since over 100 percent of the surplus was the result of surpluses in the Social Security trust fund.

I say over 100 percent because the only surplus we had is Social Security, and a portion of that surplus is still being applied to the deficit that is being run in the general accounts, a deficit which will continue for the next 2 to 3 years. We owe it to our children and grandchildren to pay our credit card interest on this Social Security-generated surplus until Social Security’s long-term solvency is assured.

As you know, what we have been doing for the last 30 years is asking our grandchildren to pay our credit card bill. Now what we are saying to our grandchildren is that we are going to give them a secure Social Security system that will last for our generation, for their parents’ generation, and for their grandchildren’s generation. Unfortunately, both the last legislative action of the 105th Congress and the first legislative action passed by the Senate in the 106th Congress have made a mockery of our promise to our grandchildren. Last night the Senate passed a military pay bill without simultaneously approving a way to fund it, an action that, if not corrected in the conference committee, could subtract as much as $17 billion from our children’s and grandchildren’s chances of having a secure Social Security system.

I wish I could say that last night’s vote was an aberration, nothing more than a momentary lapse of judgment, an inadvertent mistake in the haste to turn from impeachment to legislation. Sadly, I cannot make that claim. It is the second time in less than 4 months that we have proven ourselves willing to spend for our generation’s and our parents’ generation’s well-being on the altar of immediate expediency.

In the waning hours of last fall’s budget negotiations, mid-October 1998, we passed a $532-billion omnibus appropriations bill. Included in that $532 billion was $21.4 billion in so-called emergency spending. Since that $21.4 billion could be approved without having to find an offsetting funding source, those $21.4 billion came directly out of the surplus.

Some of you who might have been making speeches to the effect that we were going to have an $80-billion surplus at the end of the last fiscal year might have found yourselves cast as the villains by those who wish to insert “99” as the amount of surplus we would have, because that was the figure that remained after we had paid out of the Social Security surplus for $21.4 billion in emergency spending. That action would have been possibly more palatable had all of that $21.4 billion been allocated to true emergencies, to those kinds of incidents which in the past Congress has recognized as being appropriate to not require an offset in spending or increase in revenue. While some of the $21.4 billion was used to fund what have traditionally been accepted as emergencies, defined as necessary expenditures for urgent, or unforeseen temporary needs, much of the $21.4 billion was not. Let me give some examples.

The Y2K computer problem, the problem that at the turn of the millennium our computers might be rendered inop-erable because of our failure to account for the new century, received $3.35 billion of the $21.4 billion. It is hard to argue that it took us until October of 1998, and then under urgent duress circumstances, to wake up to the fact that the millennium was coming and that there might be a problem with our computers. In fact, here in the Senate, our colleagues in the House of Representatives and in the executive branch, as well as in the private sector community and State and local governments, had been aware of and working on this problem long before October of 1998.

Another smaller example of a non-emergency emergency was $100 million that was appropriated for a new visitors center here at the Capitol. A new visitors center has been under consideration for a decade or more—hardly an emergency that just came to our attention on October 1998.

These expenditures might have been desirable, might have been appropriate, but to label them “emergency,” and therefore remove them from the fiscal discipline requiring offsetting spending or additional revenue to support them, threatens to undermine the safeguards that we have built in to protect our Social Security surplus.
This budgetary sleight-of-hand was also used to increase funding for projects that had already been funded through the traditional appropriations process. For example, after previously allocating $270.5 billion to the Department of Defense emergency appropriations provision without any offsetting spending reductions or revenue increases, Congress provided an additional $8.3 billion in “emergency” defense spending in the omnibus appropriations bill. This was not all. Because these pseudoemergency spending provisions were included in an omnibus appropriations conference report—that is, a bill that was the result of reconciliation of differences between the Senate and the House—then, under the normal rules governing a conference report, that legislation was not subject to amendment. Therefore, there could be no motion made that would have removed, reduced, or otherwise modified the provisions that were improvidently labeled as “emergency appropriations.”

Members of the Congress were left with an unpalatable choice: Shut down the Government in mid-October of 1998 by failure to pass this significant appropriations bill that covered approximately one-third of the Federal budget, or steal from our children’s and grandchildren’s Social Security surplus. Mr. President, that is not a choice; that is a national disgrace. It is vital that we institute emergency spending procedures that respond expeditiously to true emergencies without maintaining this open door to abuse. We must establish procedural safeguards to deter future Congresses from misusing the emergency spending procedures. We should not attach, as an example, any emergency spending to nonemergency legislation.

We should designate emergency spending measures that do not meet our original definition of an emergency; that were included in an omnibus appropriations bill. And then, the President should sign any legislation that the nontraditional “emergency” items were included in an omnibus appropriations bill. That is the good news. Now the bad news.

The day after the passage of the Omnibus Appropriations Act on October 21, 1998, I wrote the President and asked that the Federal Government commit itself to restoring funding for the nontraditional “emergency” items which were included in that omnibus legislation. I must state with disappointment that I have not yet received a response. So, in January, I again wrote to the President and made the same request for a commitment to fiscal discipline. Once again, I have not received a response.

Mr. President, I am pleased to join with Senator OLYMPIA SNOWE of Maine in introducing legislation that will protect our newly won budget surplus from false emergency budgetary alarms. Senators SNOWE, Voinovich and I are introducing the Surplus Protection Act to amend the Congressional Budget and Impoundment Control Act of 1974. This will limit consideration of nonemergency matters in emergency legislation.

Specifically, we propose the following three reforms: First, to create a point of order, similar to the Byrd rule which currently exists, that prevents nonemergency items from being included in emergency spending. This will enable Members to challenge the validity of any individual item that is designated an emergency without defeating the emergency spending bill.

Second, we would require a 60-vote supermajority in the Senate for passage of any bill that contains emergency spending, whether it is designated an emergency spending bill or not. This will encourage Congress to either pay for supplemental appropriations or make certain that they do, in fact, represent a true emergency, as that term has been defined.

And third, if the President should propose emergency spending subject to a 60-vote point of order in the Senate. This rule will help to prevent nonemergency items from being included in emergency legislation by providing a forum in which they can be appropriately challenged on the Senate floor.

Even if passed, our legislation would not be the total cure for Congress’ apparent addiction to emergency spending. In the short term, it is vital that we immediately replenish the surplus with the funds that were “borrowed” last fall.

Let me repeat that, Mr. President. We have a challenge before us in the next few weeks to recoup to the Social Security surplus that was raided last October. We will face that challenge when we deal with the budget resolution and subsequent appropriations bills.

The next Congress that leaves the federal treasuries wide open to raids on the surplus will be the one that passes on more debt and a less secure future for our children and our grandchildren.

By Mr. CAMPBELL: S. 484. A bill to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIs or American Korean War POW/MIs might be held, if those nationals assist in the return to the United States of those POW/MIs alive; to the Committee on the Judiciary.

Mr. President, I join Senator Snowe in the hopes that our colleagues will support this important legislation. It is vital that we assure that we do not misuse our emergency spending powers. The next Congress that leaves the budget process open to raids on the surplus will be the one that passes on more debt and a less secure future for our children and our grandchildren.

S. 484. A bill to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIs or American Korean War POW/MIs might be held, if those nationals assist in the return to the United States of those POW/MIs alive.
be imperiled by such a daring rescue of surviving American POW/MIA.
While some may doubt that any American POW/MIA’s from these two wars remain alive, official U.S. policy distinctly recognizes the possibility that some POW/MIA’s from both the Vietnam War and the Korean War could still be alive and held captive in Indochina. As the Defense Department’s current position states:

Although we have thus far been unable to prove that Americans are still being held against their will in North Korea, the information available to us precludes ruling out that possibility. Actions to investigate live-sightings reports received from all sources, both primary and secondary, and provide the necessary authority and resources based on the assumption that at least some Americans are still held captive. Should any report prove true, we will take appropriate action to ensure the return of those involved.

The bill I am introducing today supports this official position and enables the possibility of bringing any surviving U.S. servicemen home alive.

Since the fall of South Vietnam in 1975, there have been reports of live sightings of American POW/MIA’s being held in Indochina. While the majority of these live-sightings have been resolved over the years, and have decreased in recent years, the possibility of Americans still being held remains. Two Russian translations of Vietnamese memoires of recently deceased Soviet War veterans were discovered in Soviet archives in 1993 which contain detailed statistics indicating that approximately twice as many American POW/MIA’s were held prisoner in Indochina in late 1972 than were actually ever returned to the United States.

Furthermore, the Senate Select Committee on POW/MIA Affairs’ final report in 1993 concluded that about 100 U.S. POW/MIA’s that were expected to be returned by Vietnam were never returned and that at least some of them may still be alive and held captive in Indochina.

It is also possible that American POW/MIA’s are still being held in North Korea. A few years ago a 1996 Defense Department internal report was uncovered that concluded that between 10-15 POW/MIA’s may still be alive and held against their will in North Korea.

The Bring Them Home Alive Act includes the states of the former Soviet Union, for just cause. Longstanding rumors that American POW/MIA’s from both the Vietnam War and the Korean War were transferred to the Soviet Union for intelligence gathering purposes, ‘‘were refuted by the memoirs of recently deceased Soviet General Dmitri Volkogonov. As reported in a January 12, 1999, Washington Times article, Gen. Volkogonov wrote of seeing a secret KGB document from the 1960s outlining a plan to transfer U.S. POWs being held in Vietnam to the Soviet Union. The goal of this secret KGB plan was “to bring knowledgeable Americans to the Soviet Union for intelligence (gathering) purposes. During a Congressional Delegation to Indochina in late 1995, Russian General Sergeyev tacitly confirmed the existence of this document. While some officials contend this plan was never carried out, this is far from certain. In addition, the cumulative weight of compelling circumstantial evidence supports the assertion that American POWs were also transferred to the Soviet Union during the Korean War.

Finally, a key section of this bill would help spread news of the Bring Them Home Alive Act around the world. This is needed to help make sure that the key foreign nationals who need to speak about this act, do so. My bill calls on the International Broadcasting Bureau to use its assets, including Worldnet Television and its Internet sites, to spread the news. The bill also calls on Radio Free Europe and Radio Free Asia to participate.

If this bill leads to even one long-held POW/MIA being returned home to America alive, this effort will be well worth it, 10,000 times over. Even though it has been many years since these two wars ended, they have not ended for any Americans who may have been left behind and are still alive.

As long as there remains even the remotest possibility that there may be any surviving POW/MIA’s out there to our Soldiers, Sailors, Airmen and Marines, and their families, to do everything possible to bring them home alive.

This is the least we can do after all they have sacrificed.

Key groups involved in Veterans and POW/MIA issues have endorsed this legislation, including the National Vietnam & Gulf War Veterans Coalition, the VietNow National POW/MIA Committee, and the Coalition of Families of American POW/MIA’s. Naturally, I welcome any additional endorsements that any of the other important organizations involved in POW/MIA related issues may wish to provide.

Mr. President, I ask unanimous consent that the text of the Bring Them Home Alive Act of 1999, the Washington Times article, and the letters of endorsement be included in the RECORD.

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

S. 484

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 “Bring Them Home Alive Act of 1999”.

SEC. 2. AMERICAN VIETNAM WAR POW/MIA ASYLUM PROGRAM.

(a) ASYLUM FOR ELIGIBLE ALIENS.—Notwithstanding any other provision of law, the Attorney General shall grant refugee status to any alien described in subsection (b), upon the application of that alien.

(b) ELIGIBILITY.—Refugee status shall be granted under subsection (a) to—

(1) any alien—

(A) who is a national of North Korea, China, or any of the independent states of the former Soviet Union; and

(B) who personally delivers into the custody of the United States to any alien described in subsection (b), upon the application of that alien.

(c) DEFINITIONS.—In this section—

(1) AMERICAN VIETNAM WAR POW/MIA.—The term “American Vietnam War POW/MIA” means an individual—

(A) was performing service in the Vietnam War; or

(B) was performing service in Southeast Asia in direct support of military operations in Vietnam.

(2) VIETNAM WAR.—The term “Vietnam War” means the conflict in Southeast Asia during the period that began on February 28, 1961, and ended on May 7, 1975.

(3) AMERICAN KOREAN WAR POW/MIA.—The term “American Korean War POW/MIA” means an individual—

(A) was performing service in the Korean War; or

(B) was performing service in Southeast Asia as a result of the Vietnam War.

(4) ALIEN.—The term “alien” means an individual who is not a citizen of the United States.

(5) ALIEN REFUGEE.—The term “alien refugee” means an alien who is a member of a uniformed service within the meaning of title 37, United States Code, in a missing status (as defined in section 551(2) of such title and this subsection) as a result of the Vietnam War.

(6) aluminum.—The term “aluminum” means an aluminum oxide or aluminum hydride.

(b) ELIGIBILITY.—Refugee status shall be granted under subsection (a) to—

(1) any alien—

(A) who is a national of North Korea, China, or any of the independent states of the former Soviet Union; and

(B) who personally delivers into the custody of the United States to any alien described in subsection (b), upon the application of that alien.

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(3) AMERICAN VIETNAM WAR POW/MIA.—The term “American Vietnam War POW/MIA” means an individual—

(A) was performing service in the Vietnam War; or

(B) was performing service in Southeast Asia in direct support of military operations in Vietnam.

(4) ALIEN.—The term “alien” means an individual who is not a citizen of the United States.

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(6) aluminum.—The term “aluminum” means an aluminum oxide or aluminum hydride.
(B) was performing service in Asia in direct support of military operations in the Korean peninsula.

SEC. 4. BROADCASTING INFORMATION ON THE "BRING THEM HOME ALIVE" PROGRAM.

(a) REQUIREMENT. Ð The International Broadcasting Bureau shall broadcast, through WORLDNET Television and Film Service and Radio or otherwise, information that promotes the "Bring Them Home Alive" refugee program under this Act to foreign countries covered by paragraph (2).

(b) LEVEL OF PROGRAMMING. Ð The International Broadcasting Bureau shall broadcast-

(1) at least 20 hours of the programming described in subsection (a)(1) during the 10-day period that begins on the date of enactment of this Act; and

(2) at least 10 hours of the programming described in subsection (a)(1) in each calendar quarter during the period beginning with the first calendar quarter that begins after enactment of this Act and ending five years after the date of enactment of this Act.

(c) AVAILABILITY OF INFORMATION ON THE INTERNET. Ð International Broadcasting Bureau shall ensure that information regarding the "Bring Them Home Alive" refugee program under this Act is readily available on the World Wide Web sites of the Bureau.

(d) SENSE OF CONGRESS. Ð It is the sense of Congress that the RFERL, Incorporated, Radio Free Asia, and any other recipient of Federal grants that engages in international broadcasting to the countries covered by subsection (a) should broadcast information similar to the information required to be broadcast by subsection (a)(1).

(e) DEFINITION. Ð The term "International Broadcasting Bureau" means the International Broadcasting Bureau of the United States Information Agency or, on and after the effective date of title XIII of the Foreign Affairs Reform and Restructuring Act of 1998 (as codified in Public Law 105-277), the International Broadcasting Bureau of the Broadcasting Board of Governors.

SEC. 5. INDEPENDENT STATES OF THE FORMER SOVIET UNION DEFINED.

In this Act, the term "independent states of the former Soviet Union" has the meaning given to the term in Section 1 of the FREEDOM Support Act (22 U.S.C. 5801).

[From the Washington Times, Jan. 12, 1999]

STATE DEPARTMENT ACCUSED OF STIFLING POW-MIA PROBE Ð Weldon Says Russian Lawmaker Told Him of U.S. Effort (By Bill Gertz)

A Russian parliamentarian who worked on prisoners of war issues claims the State Department discouraged Moscow from pursuing the fate of missing Americans, according to a senior member of Congress.

Rep. Curt Weldon, R-Pa., said he is upset by the claim of the Duma member who told him about the State Department comments during a meeting in Moscow last month.

"During a conversation, the official told me 'I can tell you, we were told by your government, your State Department, not to pursue these issues,' " Mr. Weldon, Pennsylvania Republican, said in an interview.

The statement bolsters private criticism by some Pentagon officials that the State Department has opposed pressuring the Russian government to investigate cases of missing Americans.

Pentagon officials told The Washington Times last month that Secretary of State Madeleine K. Albright delayed for months contacting senior Russian officials about a secret KGB file that "knowledgeable Americans" provided to the Soviet Union during the late 1960s for intelligence purposes.

Mrs. Albright also failed to raise the issue directly with Russian Foreign Minister Yevgeny Primakov, who is now prime minister, during several meetings. Mr. Primakov would have had direct knowledge of the secret plan while he was director of Russian intelligence in the early 1990s.

Mr. Weldon said he is investigating the claim and has written to Mrs. Albright asking for an explanation.

The Russian official was not identified by name, but Mr. Weldon said the official had been a member of the Russian Joint Commission on POWs headed by retired Russian Gen. Dmitri Volkogonov. The Duma members told Mr. Weldon about the problem in a private meeting.

"His accusation is quite disturbing in light of the administration's initial reluctance to aggressively pursue the matter with the Russian government," Mr. Weldon said in a Jan. 6 letter to Mrs. Albright, "I urge that you investigate this charge and inform me of your findings.

"Ann Johansen, a State Department spokeswoman, said the matter was "looked into," but no one in the State Department relayed such a message to any Duma members.

Asked if Mrs. Albright would raise the issue of the POW document during her upcoming meetings with Russian officials in Moscow, Miss Johnson said the agenda had not been set. "We do look forward to getting a look at the results of the Russian investigation of this matter, as Prime Minister Primakov has indicated," she said.

"If the plan was not carried out, then we have requested documentation that convincingly proves this point," he said.

Mr. Weldon said that Mrs. Albright should investigate the Duma official's charge and "reaffirm the strong U.S. commitment to lead efforts to stone unturned in this effort to determine the fate of all U.S. POWs."

VIETNAM NATIONAL HEADQUARTERS, Rockford, IL, February 18, 1999.

HON. BEN NIGHTHORSE CAMPBELL, Senate, Rockford, IL, February 18, 1999.

DEAR SENATOR CAMPBELL: I wanted to write and thank you and Larry Vigil for your efforts to bring our "Live" POWs home. Sir, there is overwhelming evidence that living American POWs were left behind and in enemy hands at the conclusion of the U.S. involvement in both the Vietnam and Korean Wars. There is reason to believe that some of these fellow Americans are still alive. Your approach to gain their release, as outlined in your bill titled "The Bring Them Home Alive Act of 1999," is viable and provides incentive for the Russian government to assure that we are able to secure our POWs release to do so.

I have written my two senators, Boxer and Feinstein, with a request that they join your efforts and co-sponsor your bill. A copy of my letters to them is enclosed for your review and file. In addition, I have sent information regarding your bill to each VietNow chapter POW/MIA organizations and individual activists. I have encouraged these people to contact their respective U.S. Senators and to urge them to also co-sponsor your bill.

Thank you for caring about our "Live" POWs and taking a positive step to gain their release.

Sincerely,

RICH TEAGUE, Chairman.

NATIONAL VIETNAM & GULF WAR VETERANS COALITION,
Washington, DC.


Hon. Ben Nighthorse Campbell, U.S. Senate, Washington, DC.

(Attention of Larry Vigil).

DEAR SENATOR CAMPBELL: The National Vietnam & Gulf War Veterans Coalition is a federation of 101 Vietnam and Gulf War veteran support organizations that work together on ten (10) goals. One of the most important goals of our Coalition is the return of any living missing American servicemen in Southeast Asia.

Your legislative initiative of introducing the "Bring Them Home Alive Act of 1999" is the right bill at the right time. This bill will grant asylum or refugee status to any foreign national that helps bring out a live American prisoner of war (POW) from the Vietnam War. This applies to nationals of Vietnam, Cambodia, Laos, North Korea, China and the former states of the Soviet Union. It would also grant asylum or refugee status to the rescuer's family.

Passing this legislation is the least we can do for any Soldier, Sailor, Airman or Marine that may still be held as a POW. As long as there remains even the remotest possibility that there may be surviving POWs we owe this to them to bring them home.

With this in mind, our Coalition hereby endorses the "Bring Them Home Alive Act of 1999."
and will utilize our resources to secure passage of this legislation as our promised legislative effort in this session of Congress.

Sincerely yours,

J. THOMAS BURCH, J. R.
Chairman.

By Mr. McCaIN:

S. 485. A bill to provide for the disposition of unoccupied and substandard multifamily housing projects owned by the Secretary of Housing and Urban Development; to the Committee on Banking, Housing, and Urban Affairs.

Mr. McCaIN. Mr. President, today I introduce the Urban Homestead act, a bill designed to reform the way in which the Department of Housing and Urban Development (HUD) disposes of unoccupied and substandard housing stock.

In summary, the Urban Homestead Act would require HUD, every six months, to publish in the National Register a complete listing of all single-family housing stock that has been in the Department's inventory for at least six months. Further, HUD is required to publish a complete listing of all substandard housing stock in the same manner. Locally based community development corporations would then be allowed to petition HUD for possession of these properties. HUD would be required to transfer the properties to the CDC free of cost.

There are few more obnoxious examples of government inefficiency and ineffectiveness than that of HUD's inability to address the housing needs of low-income families. HUD is notorious for its bloated bureaucracy and malfeasance in administering our nation's public housing assistance programs. Nowhere is this ineptitude more glaringly obvious than in HUD's disposition of housing stock.

In our nation's inner cities, there are thousands of quiet heroes, struggling against and conquering near-insurmountable obstacles in efforts to revitalize their communities. They are winning the battle one house, one street, one neighborhood at a time. These organizations are as unique as the communities and neighborhoods in which they work their magic. It is their ability to adapt to the local demands of their neighborhoods which is the key to their success. However, one challenge which is the same, regardless of what community they are operating in, is the vacant house. These abandoned houses play host to all types of criminal activity. They are crack houses, centers of gang activities, and prostitution. You name it. The abandoned house has become a symbol of urban blight.

I ask my colleagues, who do you think is to blame for this outrage? A slum lord, or an absentee owner, perhaps a greedy land speculator? In some instances, this may be the case. But a principal culprit responsible for kneecapping the efforts of these neighborhood heroes is non-other-than the Department of Housing and Urban Development. Many of these homes are the product of FHA foreclosures. They are the product of lax lending habits and pathetic administration of the HUD property disposition program.

Well, Mr. President, it is my intention to put HUD out of the slumlord business. The legislation I introduce today sends a very simple message to HUD. They have six months to get a property on the market and sold. If they fail to get the job done, they're going to have to hand over property over to a CDC and they'll get the job done for them.

By channeling these properties into the hands of CDCs providing home ownership opportunities to low-income families, we will be accomplishing several important objectives. First, we will be placing a valuable resource into the hands of not-for-profits who may otherwise lack the capital resources to purchase the housing stock. Secondly, we will get the property back in circulation. In doing so, it ceases to be a center for criminal activity and a symbol of blight. Finally, and most important, these organizations will use this housing stock to do what HUD has failed to accomplish. They will provide low-income families a piece of the American dream—a chance at home ownership.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

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

S. 485

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 "Urban Homestead Act of 1999".

SEC. 2. DEFINITIONS.

In this Act:

(1) COMMUNITY DEVELOPMENT CORPORATION.—The term "community development corporation" means an organization whose primary purpose is to promote community development by providing housing opportunities to low-income families.

(2) LOW-INCOME FAMILIES.—The term "low-income families" has the same meaning as in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(3) MULTIFAMILY HOUSING PROJECT.—The term "multifamily housing project" has the same meaning as in section 203 of the Housing and Community Development Act of 1994 (12 U.S.C. 170z-11).

(4) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

(5) SEVERE PHYSICAL PROBLEMS.—A dwelling unit shall be considered to have "severe physical problems" if such unit—

(A) lacks hot or cold piped water, a flush toilet, or both a bathtub and a shower in the unit, for the exclusive use of that unit;

(B) on not less than 3 separate occasions, during the preceding winter months was unoccupied as a result of the necessity of more than 6 consecutive hours due to a malfunction of the heating system for the unit;

(C) has no functioning electrical service, exposed wiring, or both; or, in the case of a structure that is not a functioning electrical outlet, or has experienced not less than 3 blown fuses or tripped circuit breakers during the preceding 90-day period;

(D) is accessible through a public hallway in which there are no working light fixtures, broken or missing steps or railings, and no elevator; or

(E) has severe maintenance problems, including water leaks involving the roof, windows, basement, plumbing fixtures, holes or open cracks in walls or ceilings, severe paint peeling or broken plaster, and signs of rodent infestation.

(6) SINGLE FAMILY RESIDENCE.—The term "single family residence" means a 1 to 4-family dwelling that is held by the Secretary.

(7) UNOCCUPIED MULTIFAMILY HOUSING PROJECT.—A multifamily housing project is "unoccupied" if not less than 25 percent of the dwelling units of the project have severe physical problems.

(8) UNIT OF GENERAL LOCAL GOVERNMENT.—The term "unit of general local government" has the same meaning as in section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

(9) UNOCCUPIED MULTIFAMILY HOUSING PROJECT.—The term "unoccupied multifamily housing project" means a multifamily housing project that the Secretary certifies in writing is not inhabited.

(a) PUBLICATION IN FEDERAL REGISTER.

(1) IN GENERAL.—Subparagraph (2), beginning 6 months after the date of enactment of this Act, and every 6 months thereafter, the Secretary shall publish in the Federal Register a list of each unoccupied multifamily housing project, substandard multifamily housing project, and other residential property that is owned by the Secretary.

(b) EXCEPTION FOR CERTAIN PROJECTS AND PROPERTIES.—

(A) PROJECTS.—A project described in paragraph (1) shall not be included in a list published under paragraph (1) if less than 6 months have elapsed since the later of—

(i) the date on which the project was acquired by the Secretary; or

(ii) the date on which the project was determined to be unoccupied or substandard.

(B) PROPERTIES.—A property described in paragraph (1) shall not be included in a list published under paragraph (1) if less than 6 months have elapsed since the date on which the property was acquired by the Secretary.

(c) TRANSFER OF OWNERSHIP TO COMMUNITY DEVELOPMENT CORPORATION.—Withholding of funds for transfer of ownership of unoccupied multifamily housing project, substandard multifamily housing project, or other residential property owned by the Secretary, if the project or property is—

(1) located in the same unit of general local government as the community development corporation; and

(ii) included in the most recent list published by the Secretary under subsection (a).

(c) SATISFACTION OF INDEBTEDNESS.—Prior to any transfer of ownership under subsection (b), the Secretary shall satisfy any indebtedness incurred in connection with the project or residence at issue, either by—

(1) cancelling the indebtedness; or

(2) reimbursing the community development corporation to which the project or residence is transferred for the amount of the indebtedness.

STANDARD PUBLIC HOUSING.
SEC. 4. EXEMPTION FROM PROPERTY DISPOSITION REQUIREMENTS.

No provision of the Multifamily Housing Property Disposition Reform Act of 1994, or any amendment made by that Act, shall apply to the disposition of property under this Act.

SEC. 5. TENANT LEASES.

This Act shall not affect the terms or the enforceability of any contract or lease entered into before the date of enactment of this Act.

SEC. 6. PROCEDURES.

Not later than 6 months after the date of enactment of this Act, the Secretary shall establish, by rule, regulation, or order, such procedures as may be necessary to carry out this Act.

By Mr. ASHCROFT (for himself, Mr. DeWINE, Mr. BOND, and Mr. ENZI):

S. 486. A bill to provide for the punishment of methamphetamine laboratory operators, provide additional resources to combat methamphetamine production, and, never, never, in the United States, and for other purposes, to be Committee on the Judiciary.

DETERMINED AND FULL ENGAGEMENT AGAINST THE THREAT OF METH ("DEFEAT METH") ACT

Mr. ASHCROFT. Mr. President, we live in a time of unparalleled prosperity. The stock market continually hits new highs, while unemployment and gasoline plunge to record lows. This prosperity brings many blessings, chief among them material comfort. But sometimes prosperity can mask problems as well as solve them. As Francis Bacon said, "Prosperity is not without many fears and distastes; and adversity is not without comforts and hopes." Prosperity can breed apathy and complacency, weakening a society's ability to respond to the challenges facing it. And as for adversity, it is only when people realize the true extent of their challenges that they can overcome them.

One of the greatest challenges we face is drugs, especially the recent rise in the production and use of methamphetamines. Despite the continued challenge drugs present, we have not heard enough about this problem recently. This administration has chosen not to make it a priority. A few years ago, Democrat Representative CHARLES RANGEL lamented this administration's inaction on the drug war: "I've been in Congress over two decades, and I trafficking, and abuse in the United States, and for other purposes, to be Committee on the Judiciary.

While the financial numbers continue to move in the right direction, the numbers concerning youth direction have gone in the wrong direction. In 1998, the percentage of 12th graders who had tried illegal drugs was a shocking 54%—133% of the level in 1992. This figure, which had decreased during the 1980s, increased in the 1990s.

Meth has the potential to kill and, in many cases, its production can kill. Meth production poses a unique challenge to law enforcement because of the difficulties in effective interdiction. Although some meth comes in the United States from Mexico, much of it is homemade from readily-available materials. It can be manufactured in clandestine labs and even in the kitchen of a moving RV—a literal moving target for law enforcement. Meth also can be manufactured in batches large or small. Law enforcement officials in Missouri have told me that as we have poured more resources into the fight against meth, some meth cooks have resorted to smaller and smaller batches to reduce the chances of detection. Other law enforcement officers report methods that contract out the various steps in the manufacturing process to different sites to reduce the chances of detection.

Meth also has some unique attributes which appeal to users. Smoking meth produces a high that lasts 8 to 24 hours. Cocaine, in contrast, produces a high that lasts for 20 to 30 minutes. Meth appeals not only to those looking for an extended high. It appeals to vanity as well. Meth suppresses appetite and is seductive to young adults trying to lose weight.

While meth is different from other drugs in some ways—more dangerous, more difficult to police—at its core, it is the same as other narcotics in that it imposes costs. According to Bill Bennett, the use of drugs "makes every other social problem much worse."

Meth contributes to a host of societal ills—violence, unemployment, homelessness, family breakup. I have heard too many stories of neglected children, abused children, or abandoned children that have turned into a meth lab. There are enough threats to our children that we do not need meth adding to our burden.

Meth is one of the most serious drug problems in our nation—and, in states like Missouri—it remains the most serious problem. I just ask the McClelland family from the 14th district that was left to fend for itself when their 34-year-old daughter was bludgeoned to death by a family friend who was high on meth. Her murderer admitted to beating her in the head repeatedly with a claw hammer after she resisted his sexual advances.

This is not an isolated incident. Meth kills. Law enforcement officials in Missouri refer to it as a triple threat. It can kill the user; it can make the user kill and, in many cases, even its production can kill.

Meth labs have been called toxic time bombs because volatile chemicals are mixed in the manufacturing process. There have been dozens of lab explosions. There are also numerous cases where meth labs have been booby-trapped. The cards are stacked for serious injuries to law enforcement agents. Even when not booby trapped, abandoned labs are like toxic waste dumps. Clean up is both dangerous and expensive.

Although meth is a serious problem, it is not without comforts and hopes. The increases in drug use among our children are alarming. Our children are our greatest asset and they are at great risk from drug use. Meth is one of the most serious drug problems in our nation—and, in states like Missouri—it remains the most serious problem. I just ask the McClelland family from the 14th district that was left to fend for itself when their 34-year-old daughter was bludgeoned to death by a family friend who was high on meth. Her murderer admitted to beating her in the head repeatedly with a claw hammer after she resisted his sexual advances.

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I want to fight the scourge of meth because of the violence it causes. I want to fight meth because of the costs it imposes, on society and on families. But there is another factor that motivates my opposition to meth: I want to fight meth because its use and production is wrong. And too few people are willing to stand up these days and call drugs wrong.

This laissez faire attitude leads to too much permissiveness on the subject of drugs. Permissiveness on drugs imposes terrible moral and psychic costs on America's youth. America has never faced a problem that has proven too great for us to meet or too big for us to tackle. The meth challenge, while daunting, is no exception. If we make a determined and full engagement in our war against meth, we will win. We will defeat meth.

While our society too often tends toward a "let them live" response to the challenges it faces, America too often tends to have too little regard for the strong moral fiber that ties us together. America has never faced a problem that has proven too great for us to meet or too big for us to tackle. The meth challenge, while daunting, is no exception. If we make a determined and full engagement in our war against meth, we will win. We will defeat meth.

My anti-methamphetamine legislation will have five main components. First, the bill directs the U.S. Sentencing Commission to adjust its guidelines to increase penalties for meth crimes. In the last Congress we were able to raise the mandatory minimum sentences for meth trafficking crimes involving over 5 grams to 5 years. This provision complements last year's legislation by increasing penalties for meth crimes that do not come under the mandatory minimums, and adding a special sentencing enhancement for meth crimes that endanger human life. To this end, the commission completes the process of imposing appropriate and severe penalties on those who wish to tear apart the very fabric of our society by distributing meth.

Second, my legislation will provide law enforcement officers with more resources for combating meth. Specifically, it is time to authorize more funding for the Drug Enforcement Administration's meth initiative. This funding is essential. In order to stop the spread of meth, the DEA needs to hire more agents, and provide additional training for state and local law enforcement officers. These agents will participate in the DEA's comprehensive plan for targeting and investigating meth distributors and users. The DEA also needs to provide additional support for local law enforcement. When law enforcement busts a meth lab, they are taking over the equivalent of a toxic waste dump. The serious and unique problems that clean-up problems created by meth demand a serious and unique response.

Third, we need to educate our children about the dangers of meth. While DEA interdiction is vital, we also need to educate parents, teachers, and children—who may not yet be familiar with the dangers of meth—about the size of the threat. We should authorize new funding for programs to educate parents and teachers of the dangers of methamphetamine. Missouri law enforcement officials estimate that as many as 10% of high-school students know the recipe for meth. We must make sure that 100% of them know that meth is a recipe for disaster.

Fourth, we need to recognize that, more than any other narcotic, meth can be made all too easily, in home grown laboratories, with readily available chemicals. To counteract this threat, we need more stringent penalties for manufacturing, trafficking in, and possessing meth. The current law covers para-phernalia used to ingest a number of specific drugs including marijuana and pseudoephedrine. But it does not cover meth. There is no basis for this differential treatment, and the bill adds meth to the statute.

This comprehensive plan is an essential step in our war against meth. While no plan will not stop the spread of meth overnight, we must continue the long process of stopping this onslaught. Defeating meth will be a struggle that takes place in schools, in communities, in churches, in families. We must teach the next generation the danger of drugs and give them easy short term answers that drugs provide. Meth presents us with a formidable challenge. We have overcome other challenges in the past and we can conquer this one as well. In fact, the history of America is one of meeting challenges and surpassing people's highest expectations. Meth is no exception. All we have to do is succeed is to maintain our will and channel the great indomitable American spirit. The experience of the past few years demonstrates that you cannot win the war on drugs with a single blow. But with determination, with resolution, we can win.

Finally, the bill amends the federal drug paraphernalia statute to cover meth. The current law covers paraphernalia used to inject a number of specific drugs including marijuana and pseudoephedrine. The serious and unique problems that clean-up problems created by meth demand a serious and unique response.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

SEC. 1. SHORT TITLE.
This Act may be cited as the "Determined and Full Engagement Against the Threat of Methamphetamine" or "Defeat Meth" Act of 1999.

SEC. 2. ENHANCED PUNISHMENT OF METHAMPHETAMINE LABORATORY OPERATORS.

(a) Federal Sentencing Guidelines.—
(1) In general.—Pursuant to its authority under section 994(p) of title 28, United States Code, the United States Sentencing Commission shall amend the Federal sentencing guidelines in accordance with paragraph (2) with respect to any offense relating to the manufacture, attenuation, or conspiracy to manufacture amphetamine or methamphetamine in violation of—
Mr. GRAMS. Mr. President, at the beginning of this session, I, along with Senator Roth and others, introduced S. 490. A bill to amend the Internal Revenue Code of 1986 to provide that the conducting of certain games of chance shall not be treated as an unrelated trade or business; to the Committee on Finance.

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FEDERAL UNRELATED BUSINESS INCOME TAX LEGISLATION.
Growing tax burden should not reduce the standard of living that we work hard to achieve. This legislation will ensure that it does not.

Eighteen of the last 19 Democrat-controlled Congresses passed tax increases. President Clinton, who was in office for 6 years, has five federal tax brackets. The top one has reached nearly 40 percent. More hard-working, middle-income families have been pushed into higher tax brackets because of unfair tax system. So we have gone from two brackets of 15 percent and 28 percent to now five tax brackets, the highest being nearly 40 percent. No wonder Washington’s income is growing and growing much faster than the income of the taxpayers. The reason why we have a surplus in Washington today, because incomes have gone up for Americans, and Washington has taken a larger share of that in the form of taxes.

Thanks to our exceptionally strong economy, America’s incomes have gone up for Americans, and Washington today are earning more than ever before as a result. Government data show that real median family income is now at a near-historic high and per capita income is now at a record $19,241. We should not be here penalizing those who work long and hard to achieve the American dream of higher earnings and better jobs by slapping higher taxes on them. Un fortunately, a large share of the newly earned income of hard-working Americans has not been spent on family priorities but siphoned off by Washington.

The progressive Federal tax system created by Washington allows Federal Government income to grow faster by taking a larger bite from any newly earned income increases. That is because it pushes us into one of these higher tax brackets.

According to Scott Hodge, a leading economist at Citizens for a Sound Economy, total personal income since 1993 has grown by an average of 5.2 percent a year, while Federal taxes have grown by 7.9 percent a year—so taxes have grown 52 percent faster than personal income.

In fiscal year 1998 alone, federal taxes grew 70 percent faster than personal income.

Mr. President, this is not justifiable. Uncle Sam’s income should by no means grow faster than the income of the people we emit.

While broad-based tax relief for every American, such as S.3, would certainly correct the unfairness of the tax system, we need a mechanism that ensures Washington’s income will never grow faster than the income of taxpayers.

This is all my legislation does. It limits Federal taxes by prohibiting the growth rate of federal revenues collected for any fiscal year from exceeding the average growth rate of personal income of working Americans.

Set a guidepost. Set a marker as to how fast Washington should grow in the future. That is why we need a mechanism that ensures Washington’s income will never grow faster than the income of tax-payers.

It requires a two-thirds vote of both the House and the Senate to waive this limit. Whenever Washington’s tax revenue grows faster than the personal income of working Americans, an automatic national tax rebate will be triggered as a result.

The federal government must refund taxpayers the excessive taxes pro rata based on liability reported on federal income tax annual returns filed in the previous tax year.

The national tax rebate is not a new idea. A number of states, such as Florida and Missouri, have either statutory laws or constitutional amendments requiring state governments to give back tax money if the revenue exceeds these limits.

My own State of Minnesota is currently deciding how best to refund excess tax collection to Minnesota taxpayers.

If it works at the state level, there is no excuse for the federal government not to adopt a similar mechanism.

By passing this simple tax limitation and rebate legislation, taxpayers will be fully protected and better represented in Washington. Mr. President, this piece of legislation would repeal taxation of our senior citizens’ Social Security benefits.

As you know, Mr. President, Social Security benefits were exempt from the federal income tax since the creation of the program.

They were never taxed by the Federal Government. Retirement benefits shouldn’t be.

But as Social Security encountered a financial crisis in early 1980s, Congress began taxing Social Security benefits, and thus causing financial hardship to many seniors.

The amount of taxable benefits was the lesser of one-half of Social Security cash benefits or one-half of the excess of the taxpayer’s provisional income over the thresholds of $25,000 per single person and $32,000 for couples.

In 1993, when President Clinton needed more money to fund his new spending programs, he increased the taxable Social Security benefits from 50 to 85 percent for Social Security recipients whose threshold incomes exceed $34,000 for singles and $44,000 for couples.

These two tax increases have seriously injured a significant number of senior citizens. In fact, a quarter of recipients are affected by this provision, creating enormous financial hardship for them as well.

I believe taxation on Social Security benefits is unfair and un-American because Social Security benefits are earned benefits for many senior citizens. Federal income tax is paid when Social Security contributions are made to the program. Taxing Social Security benefits is clearly double taxation.

In other words, those benefits are paid when the money is put into Social Security, and now the government wants to tax them again as it takes the money out.

In addition, Congress never intended to tax Social Security benefits when it first established the program. In fact, for half a century Social Security benefits were exempted from federal taxes.

Millions of senior citizens who planned their retirement based on their understanding of the Social Security law were penalized. As the tax rates continue to grow, millions more and more senior citizens are falling along with their standard of living.

This tax hurts seniors who choose or must work after retirement to maintain their standard of living or to pay for costly health insurance premiums, medical care, prescriptions and many other expenses which increase in retirement years.

It also discourages today’s workers to save and invest for the future. It won’t help protect Social Security for our children and grandchildren.

I believe this is not acceptable.

Repealing all taxation on Social Security benefits would set an example for the rest of the country, help maintain this trend, and help responsible senior citizens. The federal government has entered into a sacred covenant with the American people to provide retirement benefits once contribution commitments are made.

It is the government’s contractual duty to honor that commitment. The government cannot and should not change the covenant without consent of the people whom these changes would affect.

Mr. GRAMS. Mr. President, this bill deals with a relatively smaller tax matter. This bill calls for exemption of additional charitable gambling activities from the Federal unrelated business income tax (UBIT).

As you know, Mr. President, the fundamental difference between charitable gambling and regular gambling is where and how the profit is spent. Gambling and regular gambling is clearly double taxation.

Millions of senior citizens who plan their retirement based on their understanding of the Social Security law were penalized. As the tax rates continue to grow, millions more and more senior citizens are falling along with their standard of living.

Most of the income derived from charitable gambling games is spent in communities to fund charitable activities such as the Boy and Girl Scouts, Head Start, and many city and school programs that help local residents and students.

In my State alone of Minnesota, more than 1,500 local charities conduct a variety of games such as bingo and pull tabs, and in doing so contribute some $75 million per year to their local communities.

Beneficiaries include youth recreation and education, as well as organizations serving the sick and disabled, and many other community programs, as well.

My state leads the nation in charitable non-profit gaming, but some 35 other states are involved in similar activities.

In 1978, President Carter signed into law a bill that classified bingo income as related business income.
As a result, this charitable game is not subject to the Federal UBIT. But the law did not include other forms of charitable gambling. Consequently, the income of these charitable gambling games is taxed under the UBIT. It takes too big a bite out of charitable gambling income and seriously undermines the ability of nonprofit organizations to provide charitable assistance.

Now, while the IRS has not collected UBIT from these charities as they anticipate Congressional action, without my legislation, the IRS could begin collections in the near future. My legislation would remove this uncertainty as charities attempt to go on with their good works.

This legislation is not controversial. It should have bipartisan support. In the last Congress I introduced a similar bill with Senator Wellstone which the Senate adopted. I hope we can pass it again in the 106th Congress.

The last bill I am introducing today would provide a tax incentive for small business employers to set up pension plans for their workers.

Working Americans' retirement security is based on Social Security, private pensions, and personal savings. But even though Social Security is fast approaching a financial crisis, our national savings rate remains among the lowest, and many workers do not have company pension plans to help make up the Retirement Benefits.

Despite recent congressional action to improve private pension plans, the complexity of qualification requirements under current law and the administrative expenses associated with setting up retirement plans, including the SIMPLE plan, remain significant impediments to widespread implementation of employer-based retirement systems, especially for small business. This is particularly true for small employers with less than 100 employees, for whom the resulting benefits do not outweigh the administrative costs.

Consequently, only 42% of individuals employed by small businesses now participate in an employer-sponsored plan, as opposed to 70% of those who work for larger businesses.

To address this problem, I am introducing the Small Employer Nest Egg Act of 1999. This legislation will create a new retirement option for small business owners with 100 or fewer employees.

It would allow the same level of benefits both to employers and employees as larger employers who maintain traditional qualified plans. Upon retirement or separation of service, employees would receive 100% of their pension account value.

To offset the high costs associated with starting a pension plan, my proposal calls for a tax cut equal to 50% of the administrative and retirement education expenses incurred for the first five years of a plan's operation.

Mr. President, small businesses are the lifeblood of our communities, providing millions of jobs nationwide. Small business owners want to help their employees save for their retirement.

Yet, because of the costs, many are unable to do so and, also, because of the rigid Government policies and, again, the administrative costs that go with it. This legislation, I believe, will help millions of workers begin building their retirement security. I urge the support of my colleagues for the four bills I have offered today.

ADDITIONAL COSPONSORS

S. 11

At the request of Mr. Abraham, the name of the Senator from Delaware (Mr. Roth) was added as a cosponsor of S. 11, a bill for the relief of Wei Jingsheng.

S. 241

At the request of Mr. Feingold, his name was added as a cosponsor of S. 241, a bill to amend the Federal Meat Inspection Act to provide that a quality grade label issued by the Secretary of Agriculture for beef and lamb may not be used for imported beef or imported lamb.

S. 256

At the request of Mr. Grassley, the name of the Senator from North Dakota (Mr. Dorgan) was added as a cosponsor of S. 256, a bill to amend title XVIII of the Social Security Act to promote the use of universal product numbers on claims forms submitted for reimbursement under the medicare program.

S. 271

At the request of Mr. Frist, the name of the Senator from Montana (Mr. Baucus) was added as a cosponsor of S. 271, a bill to provide for education flexibility partnerships.

S. 280

At the request of Mr. Frist, the name of the Senator from Montana (Mr. Baucus) was added as a cosponsor of S. 280, a bill to provide for education flexibility partnerships.

S. 285

At the request of Mr. McCain, the name of the Senator from Idaho (Mr. Craig) was added as a cosponsor of S. 285, a bill to amend title I of the Social Security Act to restore the link between the maximum amount of earnings by blind individuals permitted without demonstrating ability to engage in substantial gainful activity and the exempt amount permitted in determining excess earnings under the earnings test.

S. 314

At the request of Mr. Bond, the names of the Senator from Maine (Ms. Collins), the Senator from Iowa (Mr. Harkin), and the Senator from Minnesota (Mr. Wellstone) were added as cosponsors of S. 314, a bill to provide for a loan guarantee program to address the Year 2000 computer problems of small business concerns, and for other purposes.

S. 325

At the request of Mrs. Hutchison, the name of the Senator from Colorado (Mr. Allard) was added as a cosponsor of S. 325, a bill to amend the Internal Revenue Code of 1986 to provide tax incentives to encourage production of oil and gas within the United States, and for other purposes.

S. 343

At the request of Mr. Bond, the name of the Senator from Colorado (Mr. Allard) was added as a cosponsor of S. 343, a bill to amend the Internal Revenue Code of 1986 to allow a deduction for 100 percent of the health insurance costs of self-employed individuals.

S. 352

At the request of Mr. Thomas, the name of the Senator from New Hampshire (Mr. Gregg) was added as a cosponsor of S. 352, a bill to amend the National Environmental Policy Act of 1969 to require that Federal agencies consult with State agencies and county and local governments on environmental impact statements.

S. 429

At the request of Mr. Durbin, the name of the Senator from Oregon (Mr. Wyden) was added as a cosponsor of S. 429, a bill to designate the legal public holiday of "Washington's Birthday" as "Presidents' Day" in honor of George Washington, Abraham Lincoln, and Franklin Roosevelt and in recognition of the importance of the institution of the Presidency, the contributions that Presidents have made to the development of our Nation and the principles of freedom and democracy.

S. 445

At the request of Mr. Jeffords, the names of the Senator from Nebraska (Mr. Hagel), the Senator from Montana (Mr. Burns), the Senator from Minnesota (Mr. Grams), the Senator from Maine (Ms. Collins), and the Senator from Massachusetts (Mr. Kerry) were added as cosponsors of S. 445, a bill to amend title XVIII of the Social Security Act to require the Secretary of Veterans Affairs and the Secretary of Health and Human Services to carry out a demonstration project to provide the Department of Veterans Affairs with medicare reimbursement for Medicare health care services provided to certain medicare-eligible veterans.

SENATE CONCURRENT RESOLUTION 5

At the request of Mr. Brownback, the names of the Senator from Mississippi (Mr. Lott), the Senator from Delaware